

## The Gym Group plc

### Pre-Close Trading Update and Board Changes

The Gym Group plc, ('The Gym Group', or 'the Company') the nationwide operator of 229<sup>1</sup> low cost, high quality, 24/7 gyms, announces the following trading update for the year ended 31st December 2022.

#### Financial highlights

- Total year-end Membership was 821,000, an increase of 14.3% from the end of last year (Dec 2021: 718,000); Average Members during the year were 808,000
- Revenue for the year amounted to £172.9m, up 63.1% versus the prior year (2021: £106.0m) and up 12.9% vs 2019 (2019: £153.1m)
- Total like-for-like revenue for the whole year in the pre-Covid mature estate (sites open up to end of 2018) was 90% compared to 2019. The membership profile during the year reflected a more normal seasonal pattern for low cost gyms without further post-Covid membership recovery in the second half as macro-economic challenges act as a headwind to underlying demand
- Year-end Non-Property Net Debt was £76.1m (Dec 2021: £44.1m) including £11.5m of finance leases. The Company intends to remain within its stated guidance of 1.5-2.0x Non-Property Net Debt : Group Adjusted EBITDA Less Normalised Rent

#### Operational highlights

- Site numbers increased to 229<sup>1</sup> (Dec 2021: 202) with 28 new openings in the year, marking the highest level of new openings in a single year. Performance of new site openings remains in line with expectations.
- Average revenue per member per month for the year (ARPM) was £17.82. The ARPM for the second half of the year was £18.30, up 4.8% on the first half of the year (H1 2022: £17.46) and up 4.5% on the second half of the prior year (H2: 2021 £17.51). LIVE IT, the premium price product, ended the year at 29.6% of total membership (Dec 2021: 27.1%).
- Visit frequency and satisfaction scores remain materially higher than pre-Covid scores

#### Outlook

- We expect the current difficult macro-economic environment and consumer behaviour to continue and, as a result, intend to take a more measured approach to our new site openings in 2023
- The pipeline of new site opportunities remains promising, but we are planning for all new site growth to be self-financed in 2023; as a result, we currently expect up to 20 new openings in the year with a strong second half weighting
- Energy costs are 96% hedged until the end of 2023. Our current expectation is that utility costs will increase by c.£10m in 2023 compared to 2022
- January Membership acquisition has started in line with expectations with a similar profile of demand to previous early January trading periods

#### Board Changes

- Richard Darwin and the Board have agreed that Richard will step down as Chief Executive following more than seven years leading the Company as CEO and as CFO. During that period the Company has grown significantly from 63 to 229 gyms nationwide today. The Board has already initiated the process to find a new Chief Executive. Richard will step down from the Board in due course and he will remain available to support the Company until July 2023.
- To assist with the transition, John Treharne, the founder and Chair of TGG, will now act as Executive Chair, working closely with the Executive Directors until the new CEO is appointed.

**John Treharne, Chair of the Gym Group, commented:**

*“We are in one of the busiest times of the year for our sector. It is clear that even with cost-of-living pressures, many consumers regard gym membership as essential, and they are ever more focussed on receiving value for money. This plays to our strengths. We will continue to grow carefully and fulfil the Company’s significant potential to the benefit of all of our stakeholders.*

*On behalf of the Board, I would like to thank Richard for his commitment and significant contribution to TGG over many years. He has overseen significant growth in the estate during his period as CEO. As we move forward, I am confident that we can build on the strong foundations he has put in place to capture the significant opportunities ahead.”*

**Richard Darwin, Chief Executive Officer commented:**

*“It has been an honour to help The Gym Group grow into a nationally recognised presence in affordable fitness over the last 7 years, first as CFO and then as CEO. I am extremely proud to have navigated the business through the pandemic, developed the brand and put in place a first-class management team with the capability to take on this next phase of growth. For me this is the right time to step down; TGG is a great business with enormous potential. I wish John and everyone at TGG ongoing success.”*

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**Market abuse regulation information:**

The information contained in this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain. Katy Tucker, Company Secretary, is responsible for the release of this announcement for the purposes of such regulation.

<sup>1</sup> Sites as at 31 December 2022 - 202 at the start of the year with 28 organic openings including three Fitness First sites and one closure