15 March 2016

The Gym Group Plc
('the Company' or 'The Gym')

Full Year Results
Strong revenue and profit growth and record number of new site openings underpinning future growth

The Gym Group Plc, the fast growing, nationwide operator of 75 low cost gyms branded 'The Gym', announces its full year results for the year ended 31 December 2015.

Financial Highlights

- Revenue of £60.0 million, an increase of 31.9% (2014: £45.5 million)
- Group Adjusted EBITDA[1] of £17.0 million, an increase of 15.9% (2014: £14.7 million)
- Group Operating Cash Flow[2] of £18.6 million, an increase of 12.7% (2014: £16.5 million)
- Loss before tax of £12.4 million (2014: £9.4 million) as a result of pre IPO finance costs and exceptional costs
- Proforma adjusted profit before tax[3] of £5.3 million with proforma Adjusted EPS[4] of 3.07p

Operational Progress

- Successful IPO on the London Stock Exchange and refinancing in November 2015
- 19 new gyms opened in 2015 increasing the total estate to 74, with a further site opening this week
- Total year end members at 376,000, an increase of 28.3% versus prior year (2014: 293,000)

Outlook

- A strong start to 2016 with performance in line with the Board's expectations
- Strong pipeline with 6 new sites expected to be open by the end of H1 2016; a further 4 locations where contractors are on site

John Treharne, CEO of The Gym Group, commented:

"2015 was a landmark year for The Gym Group with an acceleration in roll out and strong results, culminating in a successful IPO. Our low cost, affordable and disruptive model, which we relentlessly strive to improve, resonates with consumers as demonstrated by the near 30% increase in membership in 2015. In January 2016 we moved through the 400,000 member mark. A strong site pipeline for 2016 will see us continue to expand at a fast rate to take advantage of our considerable opportunity. We have a proven model, strong market fundamentals and financial strength to continue to prosper and deliver value for shareholders both in 2016 and much further beyond."

An audio webcast of the analyst presentation will be available from 13:00 today via our website www.tggplc.com

For further information, please contact

The Gym Group John Treharne, CEO Richard Darwin, CFO	**via Instinctif Partners**
Numis Oliver Cardigan Oliver Hardy Toby Adcock	**020 7260 1000**
Instinctif Partners Matthew Smallwood Justine Warren	**0207 457 2020**

[1] Group Adjusted EBITDA is calculated as operating profit before depreciation, amortisation, exceptional items and other income.
[2] Group Operating Cash Flow is calculated as Group Adjusted EBITDA less working capital less maintenance capital expenditures.
[3] Proforma adjusted profit before tax is calculated as Group Adjusted EBITDA less depreciation and proforma interest.
[4] Proforma Adjusted EPS is calculated as proforma adjusted profit before tax less proforma tax divided by the number of shares at the year end.

Chairwoman's statement

2015 was an excellent year for The Gym. Revenue increased by 31.9% to £60.0 million, Group Adjusted EBITDA increased by 15.9% to £17.0 million and 19 new gyms were opened during the year. This demonstrates the ability of the business to drive top and bottom line growth by growing the estate efficiently and meeting the needs of our members. We are delighted to have listed on the Full List of the London Stock Exchange and welcome our new shareholders to this exciting business. The business has a well-defined operating and financial model and has further strengthened its balance sheet to support future growth. We are well positioned to take advantage of the substantial opportunity in the market.

My first impressions

I joined The Gym shortly before the IPO of the Company. I am pleased to share with you my first impressions. This is a business which has pioneered the low cost gym model. It has a clear strategy and a passionate culture with the aim of providing every member the very best experience. Supported by a knowledgeable and experienced property team, it selects excellent sites that meet strict criteria and deliver high returns in a reassuringly predictable way. Operating a flexible, low cost, disruptive, technology led model, The Gym operates efficiently and is now driving further benefits from its increased scale.

The fact that The Gym has all these attributes as a relatively young business with much potential is testament to an experienced, talented and driven management team led by the Company's founder, John Treharne.

Future growth will enable the Company to further its vision to provide affordable exercise facilities to every person who wants to improve their wellbeing; a very positive purpose for a company.

Strong governance

Strong governance is about putting in place a system and an openness to challenge in order to make good decisions. At IPO we strengthened our Board processes and committee structures, and we expect to appoint an additional Non-Executive Director in the coming months to complete this process. There is a strong commitment to a well organised and efficient Board to support the Executive team, and to enable swift and confident decision making.

Looking ahead

The Gym has extensive opportunities to grow in the years ahead. Our low cost, no contract, high quality, 24 hour gym membership is highly attractive in today's fast moving, value conscious society. Our proposition is extremely competitive within the wider gym market and we are evidencing new members joining us from traditional higher cost gyms and other health and fitness operators. Importantly, more than a third of our new members are experiencing gym membership for the first time. We look forward to reaching more communities as we open more gyms to provide them with the same encouragement to enhance their wellbeing.

Our people are vital in delivering an outstanding service to our members. I am pleased to announce that in the coming weeks we plan to introduce a scheme where all of our staff will have the opportunity to become shareholders in the business.

I am delighted to have been appointed Chairwoman. I believe The Gym, with its attractive financial model and successful growth strategy, is well positioned to continue to enhance and create value for institutional and employee shareholders as we work every day to provide our members with an excellent experience.

Penny Hughes
Chairwoman
14 March 2016

Chief Executive's Review

Introduction

The Gym is the original pioneer of low cost gyms in the UK that are open 24/7. Underlying our disruptive concept is that we offer the products that members want at market leading prices without compromising on quality or fundamentals.

I am pleased to present my first Chief Executive's Review following our listing on the Full List of the London Stock Exchange in November 2015.

This has been a landmark year for our business with a record number of new site openings, increasing our estate to 74 sites at 31 December 2015 from 55 in the prior year. Our financial metrics reflect the rapid growth that we have delivered: Total year end members increased by 28.3% to 376,000 (2014: 293,000); revenue of £60.0 million (2014: £45.5 million), an increase of 31.9%, and Group Adjusted EBITDA of £17.0 million, an increase of 15.9% (2014: £14.7 million).

We are a market leader in the low cost sector, enabling us to realise the benefits of increased scale to drive down operational and capital costs and deliver higher returns. Low cost gyms are a fast growing market, and we continue to drive the expansion of the sector by attracting members that are new to the gym market and also from more traditional gym operators. We constantly seek out ways to improve our business model to capitalise on this market opportunity. Equally, the strength of our financial covenant means that we are offered the best sites by landlords which underpins the growth of our estate and our pipeline.

Strategic progress

Delivering performance from gyms

Our business model is straightforward with new sites taking time to reach maturity. Once mature they generate excellent levels of cash and good returns. We have been accelerating our rollout programme and so at the end of 2015, 34 of our 74 sites had been open for less than two years. We can expect to benefit from the growth of these sites as they mature during the current year and beyond.

Improving operating efficiencies

Our business model strips out the elements of the more traditional proposition that add unnecessary cost and are barely used, enabling us to operate a low cost environment. As we grow we will use the benefits of scale and operating expertise to continue to take costs out of the way that we deliver the business model. We deliver as low a cost base as possible. This enables us to pass on these benefits to the members through charging some of the lowest prices in the sector. The Gym charges an average fee of £16 per month.

An exercise to renegotiate operating cost contracts has identified £1 million of annualised savings on an ongoing basis and was implemented during the year.

Achieving our rollout strategy

The Gym operates a flexible low cost model that can be used in many different types of location. There remain substantial growth opportunities to expand our footprint across the UK. In 2015, gyms opened in sites previously used as retail space (Bedford and Reading) and a gentlemen's club (Charing Cross). We also opened a gym as part of a leisure park regeneration scheme (Hemel Hempstead), as well as gym spaces vacated by other operators (Eastbourne, Croydon Purley Way and Derby). Our new sites continue to trade well, in line with our expectations. Our pipeline is expanding rapidly. We are well positioned to open between 15 and 20 gyms in total in 2016 and per year thereafter over the medium term. The pipeline is stronger than at any point in our history; landlords are also recognising the strength of our covenant, assisted further by our newly acquired status as a publicly listed company.

We continue to refine and reduce the cost of building and fitting out a new site where we are provided with a clean shell by the landlord. Savings have been achieved on multiple stages of the fit-out process, including build costs, gym equipment and fixtures and fittings. This is demonstrated by the decrease in the initial cost to fit out a new gym, from an average of £1.5 million for the 2008 to 2014 portfolio to an average cost of approximately £1.35 million for the 2015 gyms.

Developing the customer proposition

The low cost sector is still at an early stage of development in the UK, particularly compared with older, low cost gym markets in mainland Europe and the United States. We continue to evolve our concept to address the needs of our members. This is achieved by monitoring customer feedback closely to ensure that we provide what members want at affordable prices. During 2015 we expanded group exercise classes in response to feedback from members. Similarly, scientific analysis of actual usage patterns indicated that members wanted additional space allocated for lighter free weights. The Gym also benefited from a brand relaunch to emphasise our brand personality at our sites. We are applying this to the new sites as we develop them, ensuring there is consistency across the sites as well as in our marketing messaging. This new branding will be rolled out into some of our earlier sites as they come up for refurbishment.

Monitoring member feedback about our offer and the service that we provide is a core component of the development of our business. Examples of feedback include measuring the use of machines to enable us to understand when to change the equipment in our gyms, ensuring that what we provide is in line with what members want to use. Equally we analyse our site openings to understand the demographics of our membership base and aid our decision making for future site acquisition. Member feedback about our operational performance is measured through Net Promoter Score with a score of 60.2% achieved in 2015. Our online measure of customer satisfaction, Feefo, score was 94% for the year. The business is constantly evolving the way it collects this type of feedback.

Focussing on our people

Our people are instrumental to running a successful business. The Gym is made up of 74 gyms that act as local businesses drawing on a network of central head office support to fulfill their operational goals. As we grow we continue to enhance the quality of support to this network of sites. A regional operations structure has been put in place, along with the expansion of our commercial team to explore further revenue opportunities and enhance our monitoring of suppliers. We operate an outsourced support model where services are provided through a number of key suppliers.

Our people are highly engaged, passionate and committed. We have achieved a 2 star 'Outstanding' award in the Best Companies accreditation which measures workplace engagement. The Company recently achieved the Investors in People Silver award and is currently applying for the Gold award. The business continues to be the only low cost fitness provider with such accreditation.

We are pleased to give our people the opportunity to share in the success of the Group. In the coming weeks we will introduce an all-staff share scheme where all of our people will be granted an award of £1,000 free shares and also have the opportunity to invest in additional shares.

Our use of technology

Technology and systems are at the heart of our business and facilitate the low cost environment that we operate. A simple online joining process is critical to our model. We are exploring ways to upgrade our capability in this area with the development of a new member management system. Our goal is for members to access their data in a more efficient way and for the business to communicate with members more effectively.

The business moved to a new email sales platform during the year that will enable us to reach new and lapsed members more effectively. More of our marketing is now online as we expand the scope of Pay per Click and Search Engine Optimisation. At the heart of our marketing effort is our ability to drive potential members in a local catchment to our website to join up. This critical difference in operation to the traditional health club market helps us to attract over 35% first time gym users. Our 24/7, CCTV controlled environment attracts a wider cross section of people who wish to exercise outside traditional gym opening hours when it suits them. As a result, over a third of the membership base are shift workers such as doctors, nurses, bus drivers, taxi drivers, hotel and restaurant workers, who find traditional opening hours too restrictive.

Outlook

The new financial year has started well and in line with the Board's expectations. January and February are the two most significant trading months of the year for any gym business. Membership numbers at the end of February had increased to 418,000, a record level with an 11.2% increase since December 2015. This level of member growth will help to underpin our performance for the rest of the year. The pipeline continues to be strong and we expect to open 15 to 20 sites in the current year. As in 2015 these site openings will be weighted to the second half of the year, with 6 sites expected to be open in the first half of the year and a further 4 locations where contractors are on site.

Five months into our life as a public company, our strategic priorities and financial results are progressing well. Our focus is on creating value for both our members and our shareholders.

John Treharne
Chief Executive Officer
14 March 2016

Financial Review

Summary

	2015	2014
	£'000	£'000
Total number of gyms	74	55
Number of year end members ('000)	376	293
Revenue	59,979	45,480
Group Adjusted EBITDA[1]	17,016	14,688
Group Adjusted EBITDA before Pre-Opening Costs[2]	19,681	16,668
Adjusted Earnings[3]	(1,107)	(4,452)
Group Operating Cash Flow[4]	18,616	16,514

The Group delivered another excellent performance in 2015, with revenue growth of 31.9% and Group Adjusted EBITDA growth of 15.9%, with strong performances from both mature and new gyms.

Our Group Adjusted EBITDA growth has been achieved despite the substantial pre-opening costs of £2.7 million incurred with the opening of 19 new gyms, and additional investment in our key central functions.

Group Operating Cash Flow increased by 12.7%, as a result of the conversion of Group Adjusted EBITDA offset by increases in maintenance capital expenditure as our estate increases in size.

Result for the year

	2015	2014
	£'000	£'000
Revenue	59,979	45,480
Cost of sales	(1,073)	(1,040)
Gross profit	**58,906**	**44,440**
Administration expenses	(55,105)	(39,452)
Exceptional costs	(7,607)	(2,653)
Other income	1,105	-
Operating (loss) / profit	**(2,701)**	**2,335**
Finance income	265	20
Finance costs	(9,946)	(11,797)
Loss before tax	**(12,382)**	**(9,442)**
Tax credit	909	659
Loss for the year	**(11,473)**	**(8,783)**

Revenue

The strength of The Gym's member proposition has continued to be reflected in our membership performance. Year end membership numbers increased significantly in 2015, with 376,000 members at 31 December 2015 compared to 293,000 at 31 December 2014.

The average number of members increased by 31.0% during the year to 355,000 (2014: 271,000), primarily due to the opening of 19 new gyms. Average member numbers were split between mature sites of 234,000 and new sites of 121,000[5]. Average revenue per member per month increased from £13.98 in 2014 to £14.08.

As a result Group revenue increased by 31.9% to £60.0 million in the year ended 31 December 2015, from £45.5 million in the year ended 31 December 2014.

[1] Group Adjusted EBITDA is calculated as operating profit before depreciation, amortisation, exceptional items and other income.
[2] Group Adjusted EBITDA before Pre-Opening Costs is defined as Group Adjusted EBITDA excluding the costs associated with new site openings.
[3] Adjusted Earnings is calculated as the Group's loss for the year before amortisation, exceptional items, other income and the related tax effect.
[4] Group Operating Cash Flow is calculated as Group Adjusted EBITDA less working capital less maintenance capital expenditures.
[5] Mature sites are defined as gyms that have been open for 24 months or more measured at the end of the year. New sites are defined as gyms that have been open for less than 24 months at the end of the year.

Administration expenses

Administration expenses increased by 39.7%, driven primarily by an increase in the total number of gyms from 55 as at 31 December 2014 to 74 as at 31 December 2015. Due to the higher number of site openings in 2015, pre-opening costs associated with new site openings increased from £2.0 million to £2.7 million.

Property lease rentals and staff costs form a significant part of our administration expenses. Property lease rentals increased from £7.8 million in 2014 to £11.2 million in 2015 due to a larger portfolio of gyms. Staff costs increased from £5.5 million to £8.4 million. This was driven by both gym openings and head office support staff costs.

Depreciation charges increased from £7.6 million in 2014 to £10.9 million in 2015, largely as a result of the increased number of sites. The Group's depreciation charges appear high in relation to operating loss / profit as leasehold improvements and fit-out costs start to be depreciated as soon as a gym is opened, whereas it takes time for a gym to reach mature profit levels.

Head office costs increased from £4.0 million to £6.3 million. This is due to investments in key business functions, including property, commercial and finance. We believe that our core functions are now well-placed to support the growth of the business in the foreseeable future.

Other income

Other income of £1.1 million relates to proceeds received in relation to a lease surrender for one of the Group's sites that did not reach opening.

Group Adjusted EBITDA

	2015 £'000	2014 £'000
Operating (loss) / profit	**(2,701)**	**2,335**
Exceptional items	7,607	2,653
Other income	(1,105)	-
Depreciation of property, plant and equipment	10,907	7,600
Amortisation of intangible assets	2,308	2,100
Group Adjusted EBITDA	**17,016**	**14,688**

Group Adjusted EBITDA increased during the year mainly due to the increase in the number of gyms in operation resulting from the Group's ongoing rollout strategy, and from gyms reaching maturity in member numbers and revenue.

Group Adjusted EBITDA was adversely affected by pre-opening costs, with gym openings being weighted towards the second half of the year. Group Adjusted EBITDA before Pre-Opening Costs increased by 18.1% to £19.7 million (2014: £16.6 million).

As a result of the ongoing rollout strategy Site EBITDA contributed by the 40 mature sites demonstrated strong growth, increasing by 15.9% to £18.8 million (2014: £16.2 million from 32 sites).

EBITDA from the 34 new sites performed strongly and increased by 81.2% to £4.5 million (2014: £2.5 million from 23 new sites). Growth was driven by an increased number of new gyms and the strength of gyms opened during 2014 and early 2015 as they mature. This strong performance has offset losses associated with gyms opening later in 2015 which are in the process of growing their membership numbers. The impact of gym openings was magnified as a result of 11 out of the 19 total openings occurring in the second half of 2015.

Exceptional items

In the year ended 31 December 2015 exceptional costs of £7.6 million were incurred (2014: £2.7 million).

This includes £5.7 million of costs in relation to the Group's IPO. An additional £2.6 million of costs associated with the issue of new shares have been recognised within share premium.

In accordance with IFRS 2, a non-cash charge of £1.0m (2014: £nil) has been recognised in respect of share options granted to staff and senior managers in connection with the capital restructuring on the date of the IPO.

Additionally £0.9 million was incurred in relation to the exploration of strategic options prior to the IPO.

Finance costs

Finance costs decreased by 15.7% to £9.9 million in the year ended 31 December 2015, from £11.8 million in the year ended 31 December 2014.

This included £1.6 million (2014: £nil) of exceptional finance items relating to the write off of capitalised financing fees and interest on finance lease creditors, which occurred as part of the refinancing activity in November 2015. Excluding exceptional items, finance costs decreased by 30.0%, driven primarily by a decrease in preference share interest of £2.5 million following a change in the Company's Articles of Association in 2014, and fair value gains on interest rate derivatives.

Finance costs will decrease in 2016 due to the refinancing carried out in 2015. Based on the December 2015 interest charge, the proforma annualised interest charge for 2015 was £0.8 million.

Taxation

The Group has incurred an income tax credit for the year ended 2015 of £0.2 million (2014: £nil) due to the trading loss position and adjustments in respect of prior years. Trading losses were offset by disallowable exceptional costs and disallowable interest charges arising under the previous private equity funding structure. A deferred tax credit of £0.7 million (2014: £0.7 million) has arisen in relation to the reversal of temporary differences.

Earnings

The loss for the year increased from £8.8 million for the year ended 31 December 2014 to £11.5 million for the year ended 31 December 2015 as a result of the factors discussed above.

Basic earnings per share ('EPS') was a loss of £0.19 (2014: loss of £0.18).

Adjusted EPS was a loss of £0.02 (2014: loss of £0.09). Adjusted EPS is calculated by excluding amortisation, exceptional items, other income and the resultant tax effect from basic earnings. The improvement in Adjusted EPS results from both an increase in Adjusted Earnings and the dilution arising on the issue of shares on IPO.

Dividend

Due to the short period of time between the IPO and the year end, the Board has not recommended a final dividend for 2015.

The Directors intend to declare an interim dividend in respect of the first half of 2016. The total dividend for 2016 is expected to be 10% to 20% of Adjusted Earnings.

Cash Flow

	2015	**2014**
	£'000	**£'000**
Group Adjusted EBITDA	17,016	14,688
Movement in working capital	4,348	3,407
Maintenance capital expenditure[1]	(2,748)	(1,581)
Group Operating Cash Flow	**18,616**	**16,514**
Expansionary capital expenditure[2]	(28,230)	(20,335)
Other income	1,105	-
Exceptional items	(7,001)	(2,653)
Taxation	(73)	(244)
Finance costs	(4,108)	(5,726)
IPO proceeds	89,931	-
Repayment of debt	(89,842)	(2,617)
Other net cash flows from financing activity	16,886	16,546
Net cash flow	**(2,716)**	**1,485**

The Group continues to deliver strong cash generation with Group Operating Cash Flow 12.7% higher at £18.6 million (2014: £16.5 million) due to an increase in EBITDA resulting from a greater number of gyms and efficient use of working capital, offset by increased investment in maintenance capital expenditure as the estate grows. These factors result in a small decrease in Group Operating Cash Flow Conversion[3] to 109.4% (2014: 112.4%).

Expansionary capital expenditure of £28.2 million arises as a result of the fit-out of new gyms.

[1] Maintenance capital expenditure comprises the replacement of gym equipment and premises refurbishment.
[2] Expansionary capital expenditure relates to the Group's investment in the fit-out of new gyms and central IT projects. It is stated gross of amounts funded by finance leasing (£3.1 million, 2014: £4.7 million) and net of contributions towards landlord building costs.
[3] Group Operating Cash Flow Conversion is calculated as Group Operating Cash Flow as a percentage of Group Adjusted EBITDA

	2015	2014
	£’000	**£’000**
Net debt at 1 January	49,205	36,743
Group Operating Cash Flow	(18,616)	(16,514)
Expansionary capital expenditure	28,230	20,335
Other non-operating cash flow	(4,275)	8,641
IPO proceeds	(89,931)	-
Drawdown of new bank facility	10,000	-
Financing fees and costs of IPO	9,828	-
Repayment of shareholder loans	22,699	-
Net debt at 31 December	**7,140**	**49,205**

Proceeds from the Group’s IPO of £89.9 million and a new term loan of £10.0 million were used to repay £53.9 million of borrowings under the Group’s previous bank loan facilities (including accrued interest), £22.7 million of outstanding shareholder loans, £10.0 million of outstanding finance leases and £8.8 million of cash costs associated with the IPO.

As a result of the Group’s IPO and refinancing, combined with the strong operating performance, Net Debt : Group Adjusted EBITDA decreased to 0.42x (2014: 3.35x).

Balance sheet

Our business model, strong conversion from revenue to cash and debt restructuring during the year results in an uncomplicated balance sheet.

	2015	2014
	£’000	**£’000**
Non-current assets		
Property, plant and equipment	85,237	67,510
Intangible assets	49,137	50,870
Deferred tax asset	177	-
Total non-current assets	**134,551**	**118,380**
Current assets		
Inventories	122	75
Trade and other receivables	5,654	4,282
Cash and cash equivalents	2,860	5,576
Total current assets	**8,636**	**9,933**
Total assets	**143,187**	**128,313**
Current liabilities		
Trade and other payables	25,546	20,797
Income taxes payable	-	246
Borrowings	-	3,613
Total current liabilities	**25,546**	**24,656**
Non-current liabilities		
Borrowings	8,966	70,253
Provisions	232	223
Financial instruments	-	1,037
Deferred tax liabilities	-	559
Total non-current liabilities	**9,198**	**72,072**
Total liabilities	**34,744**	**96,728**
Net assets	**108,443**	**31,585**

The non-current assets of the Group have increased by £16.0 million to £134.4 million. This is as a result of capital expenditure in property, plant and equipment and computer software totaling £29.2 million, offset by depreciation and amortisation of £13.2 million.

Cash balances have decreased as a result of the net funding of the capital expenditure program from operating cash flows.

Other current assets primarily relate to prepaid property costs and have remained consistent year on year. Trade and other payables have increased by £4.7 million largely as a result of lease incentives associated with new gyms opening during the year.

The Group has drawn £10.0 million of its 5 year bullet repayment facility. £25.0 million of the facility was undrawn at 31 December 2015 and will be utilised to fund new sites, working capital and capital expenditure.

Richard Darwin
Chief Financial Officer
14 March 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Revenue		59,979	45,480
Cost of sales		(1,073)	(1,040)
Gross profit		**58,906**	**44,440**
Administration expenses		(62,712)	(42,105)
Other income		1,105	-
Operating (loss) / profit	3	**(2,701)**	**2,335**
Being:			
- Group Adjusted EBITDA[1]		17,016	14,688
- Depreciation	9	(10,907)	(7,600)
- Amortisation		(2,308)	(2,100)
- Exceptional items and other income	3, 4	(6,502)	(2,653)
Finance income	6	265	20
Finance costs	7	(9,946)	(11,797)
Loss before tax		**(12,382)**	**(9,442)**
Tax credit	8	909	659
Loss for the year attributable to equity shareholders		**(11,473)**	**(8,783)**
Other comprehensive income for the year		-	-
Total comprehensive loss attributable to equity shareholders		**(11,473)**	**(8,783)**
Earnings per share		**£**	**£**
Basic and Diluted	5	(0.19)	(0.18)
Adjusted	5	(0.02)	(0.09)

[1] *Group Adjusted EBITDA is a non-GAAP metric used by management and is not an IFRS disclosure*

Consolidated Statements of Financial Position

As at 31 December 2015

	Note	31 December 2015	31 December 2014	31 December 2013
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	9	85,237	67,510	51,418
Intangible assets		49,137	50,870	52,738
Deferred tax asset		177	-	-
Total non-current assets		134,551	118,380	104,156
Current assets				
Inventories		122	75	138
Trade and other receivables		5,654	4,282	3,060
Cash and cash equivalents		2,860	5,576	4,091
Total current assets		8,636	9,933	7,289
Total assets		**143,187**	**128,313**	**111,445**
Current liabilities				
Trade and other payables		25,546	20,797	14,125
Income taxes payable		-	246	-
Borrowings	10	-	3,613	2,363
Total current liabilities		25,546	24,656	16,488
Non-current liabilities				
Borrowings	10	8,966	70,253	106,195
Provisions		232	223	131
Derivative financial instruments		-	1,037	177
Deferred tax liabilities		-	559	1,708
Total non-current liabilities		9,198	72,072	108,211
Total liabilities		**34,744**	**96,728**	**124,699**
Net assets / (liabilities)		**108,443**	**31,585**	**(13,254)**
Capital and reserves				
Issued capital		12	9	8
Own shares held		48	-	-
Capital redemption reserve		4	-	-
Share premium		136,280	48,974	550
Retained deficit		(27,901)	(17,398)	(13,812)
Total equity shareholders' funds / (deficit)		**108,443**	**31,585**	**(13,254)**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Issued Capital	Own shares held	Capital redemption reserve	Share Premium	Retained deficit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	8	-	-	550	(13,812)	(13,254)
Loss for the year and total comprehensive loss	-	-	-	-	(8,783)	(8,783)
Waiver of preference share interest	-	-	-	-	5,197	5,197
Issue of Ordinary share capital	1	-	-	29	-	30
Reclassification of preference shares	-	-	-	48,395	-	48,395
At 31 December 2014	**9**	**-**	**-**	**48,974**	**(17,398)**	**31,585**
Loss for the year and total comprehensive loss	-	-	-	-	(11,473)	(11,473)
Share based payments	-	-	-	-	1,018	1,018
Conversion of Preference share capital into Ordinary share capital	2	-	-	-	-	2
Cancellation of share capital	(4)	-	4	-	-	-
Issue and repurchase of share capital	-	48	-	-	(48)	-
Costs associated with the issue of share capital	-	-	-	(2,620)	-	(2,620)
Issue of Ordinary share capital	5	-	-	89,926	-	89,931
At 31 December 2015	**12**	**48**	**4**	**136,280**	**(27,901)**	**108,443**

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Cash flows from operating activities			
Operating (loss) / profit		(2,701)	2,335
Adjustments for:			
Other income		(1,105)	-
Exceptional items	4	7,607	2,653
Depreciation of property, plant and equipment	9	10,907	7,600
Amortisation of intangible assets		2,308	2,100
Loss on disposal of property, plant and equipment		98	39
(Increase) / decrease in inventories		(47)	65
Increase in trade and other receivables		(1,372)	(1,223)
Increase in trade and other payables		5,669	4,526
Cash generated from operations		21,364	18,095
Tax paid		(73)	(244)
Interest paid		(4,124)	(5,726)
Net cash flows from operating activities before exceptional items and other income		17,167	12,125
Other income		1,105	-
Exceptional items		(7,001)	(2,653)
Net cash flow from operating activities		**11,271**	**9,472**
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment		-	1,036
Purchase of property, plant and equipment		(27,330)	(17,785)
Purchase of intangible assets		(575)	(231)
Interest received		16	-
Net cash flows used in investing activities		**(27,889)**	**(16,980)**
Cash flows from financing activities			
Proceeds of issue of Ordinary shares		89,931	30
Drawdown of bank loans		17,500	11,580
Payment of financing fees		(1,067)	-
Costs associated with IPO		(2,620)	-
Repayment of bank loans		(53,902)	-
Repayment of shareholder loans		(22,699)	-
Repayment of finance leases		(13,241)	(2,617)
Net cash flows from financing activities		**13,902**	**8,993**
Net (decrease) / increase in cash and cash equivalents		(2,716)	1,485
Cash and cash equivalents at 1 January		5,576	4,091
Cash and cash equivalents at 31 December		**2,860**	**5,576**

Notes

1. General information

The financial information, comprising of the consolidated statement of comprehensive income, consolidated statements of financial position, consolidated statement of changes in equity, consolidated cash flow statement and related notes, has been extracted from the consolidated financial statements of The Gym Group Plc ('the Company') for the year ended 31 December 2015, which were approved by the Board of Directors on 14 March 2016.

The financial information does not constitute statutory accounts within the meaning of sections 435(1) and (2) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards ('IFRS'). An unqualified report on the consolidated financial statements for the year ended 31 December 2015 has been given by the auditors Ernst & Young LLP. It did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements for the year ended 31 December 2015 will be filed with the Registrar of Companies, subject to their approval by the Company's shareholders at the Company's Annual General Meeting on 15 May 2016.

2. Basis of preparation

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention as modified by the recognition of financial liabilities (including derivative instruments) at fair value through the profit and loss.

This is the Group's first set of financial statements prepared in accordance with IFRS. The Group previously prepared its financial statements under UK Generally Accepted Accounting Practice. The Group's deemed transition date to IFRS is 1 January 2014, the beginning of the first period presented, and the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards ('IFRS 1') have been applied as of that date.

The Directors have made appropriate enquiries and formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

3. Operating loss / profit

Operating loss / profit is stated after charging / (crediting):	**2015** **£'000**	**2014** **£'000**
Other income	(1,105)	-
Depreciation of property, plant and equipment	10,907	7,600
Amortisation of intangible assets (included in administration expenses)	2,308	2,100
Operating lease rentals	11,186	7,781
Loss on disposal of property, plant and equipment	98	39
Cost of inventory recognised as an expense	197	225
Auditors' remuneration		
Fees payable for the audit of the Company's annual accounts	40	6
Fees payable for other services		
Audit of the Company's subsidiaries pursuant to legislation	50	37
Tax compliance services	-	25
Tax advisory services	3	-
Reporting accountant services in relation to IPO	883	-
Other non-audit services in relation to IPO	42	-
Corporate finance services	126	-
	1,144	**68**

The amounts above for 2015 relate to Ernst & Young LLP, with the comparative figures in 2014 relating to Grant Thornton UK LLP.

Other income received in the year of £1,105,000 (2014: £nil) relates to a payment received on the surrender of a lease.

4. Exceptional items

	2015 £'000	2014 £'000
Costs in relation to IPO	5,731	-
Share based payment costs associated with IPO	1,018	-
Exploration of strategic options	809	-
Costs in relation to aborted merger with Pure Gym	49	1,950
Gym relocation	-	703
	7,607	**2,653**

An additional £2,620,000 of exceptional costs associated with the issue of share capital as part of the IPO have been recognised directly in reserves.

5. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of Ordinary shares outstanding during the year.

As the Company issued shares and changed its capital structure on IPO, the number of shares in the prior period has been adjusted to match the post restructuring position such that the figures remain comparable.

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. During the current and prior year the Group had no convertible financial instruments, options or other dilutive instruments.

The following reflects the income and share data used in the basic earnings per share calculation:

	2015	2014
Loss for the year £'000	(11,473)	(8,783)
Basic and diluted weighted average number of shares	60,485,605	48,802,414
Basic and diluted earnings per share £	**(0.19)**	**(0.18)**

Adjusted earnings per share is based on profit for the year before exceptional items, amortisation and their associated tax effect.

	2015 £'000	2014 £'000
Loss for the year	(11,473)	(8,783)
Amortisation of intangible assets	2,308	2,100
Other income	(1,105)	-
Exceptional administration expenses	7,607	2,653
Exceptional finance costs	1,623	-
Tax effect of amortisation and exceptional items	(67)	(422)
Adjusted earnings	**(1,107)**	**(4,452)**
Basic weighted average number of shares	60,485,605	48,802,414
Adjusted earnings per share £	(0.02)	(0.09)

6. Finance income

	2015 £'000	2014 £'000
Bank interest receivable	16	20
Fair value gains on derivative financial instruments	249	-
	265	**20**

7. Finance costs

	2015 £'000	2014 £'000
Bank loans and overdrafts	4,950	4,937
Shareholder loans	1,809	1,899
Preference share interest	-	2,533
Finance leases and hire purchase contracts	1,112	1,073
Unwinding of discount	9	3
Amortisation of financing fees	443	492
Exceptional finance costs	1,623	-
Fair value losses on derivative financial instruments	-	860
	9,946	**11,797**

Exceptional finance costs comprise the write-off of £1,290,000 of outstanding capitalised financing fees and interest incurred on the repayment of finance lease creditors of £333,000.

8. Taxation

The major components of taxation are:

(a) Tax on profit

	2015 £'000	2014 £'000
Current income tax		
Current tax on profits for the year	-	246
Adjustments in respect of prior years	(173)	244
Total current income tax	(173)	490
Deferred tax		
Origination and reversal of temporary differences	(700)	(628)
Change in tax rates	(91)	44
Adjustments in respect of prior years	55	(565)
Total deferred tax	(736)	(1,149)
Tax credit in the Income Statement	**(909)**	**(659)**

(b) Reconciliation of tax credit

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average rate applicable to losses of the Group as follows:

	2015 £'000	2014 £'000
Loss before tax	(12,382)	(9,442)
Tax calculation at standard rate of corporation tax of 20.25% (2014: 21.49%)	(2,507)	(2,029)
Expenses not deductible for tax purposes	786	1,647
Exceptional IPO costs not deductible	1,023	-
Change in tax rates	(93)	44
Adjustments in respect of prior years	(118)	(321)
	(909)	**(659)**

(c) *Deferred tax*

During the year the Group recognised the following deferred tax assets and liabilities:

	Accelerated capital allowances £'000	**Losses £'000**	**Intangible assets £'000**	**Other £'000**	**Total £'000**
At 1 January 2013	(1,386)	1,683	-	125	422
Prior year adjustment	(177)	213	-	(30)	6
Acquisitions	-	-	(1,898)	-	(1,898)
Recognised in income statement	(414)	(315)	248	(29)	(510)
Change in deferred tax rate	264	(198)	215	(9)	272
At 31 December 2013	**(1,713)**	**1,383**	**(1,435)**	**57**	**(1,708)**
Prior year adjustment	526	39	-	-	565
Recognised in income statement	(581)	829	393	(57)	584
At 31 December 2014	**(1,768)**	**2,251**	**(1,042)**	**-**	**(559)**
Prior year adjustment	(55)	-	-	-	(55)
Recognised in income statement	1,545	(1,245)	400	-	700
Change in deferred tax rate	91	-	-	-	91
At 31 December 2015	**(187)**	**1,006**	**(642)**	**-**	**177**

9. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Gym and other equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2013	32,780	2,265	15,276	272	50,593
Additions	9,080	818	4,264	95	14,257
Disposals	(19)	-	(280)	(2)	(301)
At 1 January 2014	**41,841**	**3,083**	**19,260**	**365**	**64,549**
Additions	15,978	1,054	7,526	178	24,736
Disposals	(1,067)	(104)	(1,129)	(10)	(2,310)
At 31 December 2014	**56,752**	**4,033**	**25,657**	**533**	**86,975**
Additions	17,364	1,549	9,428	391	28,732
Disposals	(89)	(13)	(298)	-	(400)
At 31 December 2015	**74,027**	**5,569**	**34,787**	**924**	**115,307**
Accumulated depreciation					
At 1 January 2013	2,276	523	4,496	137	7,432
Charge for the year	1,961	524	3,411	83	5,979
Disposals	-	-	(280)	-	(280)
At 1 January 2014	**4,237**	**1,047**	**7,627**	**220**	**13,131**
Charge for the year	2,602	672	4,225	101	7,600
Disposals	(233)	(47)	(980)	(6)	(1,266)
At 31 December 2014	**6,606**	**1,672**	**10,872**	**315**	**19,465**
Charge for the year	5,745	656	4,329	177	10,907
Disposals	(42)	(7)	(253)	-	(302)
At 31 December 2015	**12,309**	**2,321**	**14,948**	**492**	**30,070**
Net book value					
At 31 December 2013	**37,604**	**2,036**	**11,633**	**145**	**51,418**
At 31 December 2014	**50,146**	**2,361**	**14,785**	**218**	**67,510**
At 31 December 2015	**61,718**	**3,248**	**19,839**	**432**	**85,237**

10. Borrowings

	2015	2014	2013
	£'000	**£'000**	**£'000**
Non-current			
Bank facility A	10,000	-	-
Former bank facility A (principal and PIK interest)	-	34,813	31,786
Former bank facility B (principal and PIK interest)	-	9,800	1,010
Finance leases	-	6,555	5,675
Shareholder loans and accrued interest	-	20,785	18,992
Preference share capital and accrued interest	-	-	50,924
Loan arrangement fees	(1,034)	(1,700)	(2,192)
	8,966	**70,253**	**106,195**
Current			
Finance leases	**-**	**3,613**	**2,363**

The Group's bank borrowings are secured by way of fixed and floating charges over the Group's assets.

On 12 November 2015 the Group refinanced its former bank facilities and shareholder loans using the net proceeds of its IPO.

HSBC and Barclays bank facility

On 12 November 2015 the Group entered into a new 5 year bullet repayment facility with HSBC and Barclays. The facility comprises a £10.0 million term loan ('facility A') for the purposes of refinancing the Group's finance leases, a £25.0 million term loan ('facility B') to fund acquisitions and capital expenditure, and a £5.0 million revolving credit facility. Interest is charged at LIBOR plus a 2.5% margin.

At 31 December 2015, facility A was fully drawn and facility B and the revolving credit facility were undrawn.

Four year record

	2015 £'000	2014 £'000	2013[1] £'000	2012[1] £'000
Revenue	59,979	45,480	35,734	22,264
Group Adjusted EBITDA	17,016	14,688	11,752	6,000
Group Adjusted EBITDA before Pre-Opening Costs	19,681	16,668	12,886	7,615
Group Operating Cash Flow	18,616	16,514	14,751	9,624
Operating Cash Flow Conversion	109.4%	112.4%	125.5%	160.4%
Expansionary Capital Expenditure	28,230	20,335	14,058	21,645
Net Debt	7,140	49,205	36,743	18,979
Net Debt to Adjusted EBITDA	0.42x	3.35x	3.11x	3.16x
Group Adjusted earnings	(1,107)	(4,452)	(3,551)	(958)
Adjusted earnings per share £	(0.02)	(0.09)	(0.13)	(0.04)
Total number of gyms (number)	74	55	40	32
Number of members ('000)	376	293	225	166
Revenue per member per month (£)	14.08	13.98	14.06	13.78
Mature gyms in operation (number)	40	32	16	10
Mature Gym Site EBITDA	18,828	16,244	9,505	6,041

[1] The Gym Group plc acquired control of The Gym Limited on 13 June 2013. Before this date the Group did not constitute a single legal group. Prior to the acquisition, combined financial information has been prepared on a basis that aggregates the results, cash flows, assets and liabilities of each the companies constituting the Group.

Responsibilities statement

The following statement will be contained in the 2015 Annual Report and Accounts:

We confirm that to the best of our knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Group; and
- the Strategic Report contained in this annual report includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face; and
- the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Richard Darwin
Chief Financial Officer and Company Secretary
14 March 2016