

4 April 2017

The Gym Group Plc
(‘the Company’)

Annual Report and Accounts 2016 and Notice of 2017 Annual General Meeting

Following the announcement on 14 March 2017 of its full year results for the year ended 31 December 2016 (RNS: 3181Z), the Company announces that it has posted its Annual Report and Accounts 2016.

The Company also announces that it will hold its Annual General Meeting at 11.00am on Tuesday 6 June 2017 at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AD.

Copies of the Annual Report and Accounts 2016 and the Notice of the 2017 Annual General Meeting are available to view on the Company’s website at <http://www.tggplc.com/>. They have also been submitted to the National Storage Mechanism and will shortly be available for inspection at <http://www.hemscott.com/nsm.do>.

Copies of those documents, together with a form of proxy for use in connection with the 2017 Annual General Meeting, have been posted or otherwise made available to the Company’s shareholders today.

For further information, please contact

The Gym Group
John Trehame, CEO
Richard Darwin, CFO

via Instinctif Partners

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Appendix

The additional information set out below, which is extracted from the Annual Report, is included in compliance with Disclosure and Transparency Rule 6.3.5. This information should be read in conjunction with the Annual Report as a whole:

Principal Risks and Uncertainties

Risk Management

In order to gain an understanding of the risk exposure of the Group we review each area of our business annually and use a methodology that will assist the Group in measuring, evaluating, documenting and monitoring its risks within all areas of its operations.

We use our risk management process as described to identify, monitor, evaluate and escalate risks as they emerge, enabling management to take appropriate action wherever possible in order to control them and also enabling the Board to keep risk management under review. During the year the Board also worked to define its appetite towards risk and metrics against which risk appetite can be monitored.

Principal Risks

The risk factors addressed below are those which we believe to be the most material to our business model, which could adversely affect the operations, revenue, profit, cash flow or assets of the Group and which may prevent us from achieving the Group’s strategic objectives. Additional risks and uncertainties currently unknown to us, or which we currently believe are immaterial, may also have an adverse effect on the Group.

Principal risk	Impact	Mitigation
Competition		
The Group may face increased competition and pressure from competitor pricing decisions.	The ability of the Group to hold or increase prices and therefore achieve performance targets could be affected.	<ul style="list-style-type: none">• Maintain price discipline and leadership.• Maintain focus on choosing the best sites in a geographical area.• Continue to invest in the

		member proposition.
Organic rollout		
Site scarcity may affect the delivery of our rollout plan.	Delays to our rollout plan may have adverse impact on growth targets and operational returns.	<ul style="list-style-type: none"> • Our highly experienced property team are focused on site selection and sourcing the best deals.
Member experience		
Failure to provide members with a high quality product and service would damage the Group's reputation.	Reductions in actual or perceived customer service could result in a decrease in membership numbers and revenue generation.	<ul style="list-style-type: none"> • Monitor utilisation, NPS & Feefo scores • Enhance monitoring and feedback processes. • Ongoing review of equipment usage to ensure we meet member requirements. • Explore further innovations to improve the member experience.
Staff retention		
Loss of key staff through retention policy and failure to manage succession.	A lack of experienced and motivated staff will have a detrimental impact on all areas of the business, from operations to central functions.	<p>The Group uses a variety of techniques to attract, retain and motivate staff at all levels across the business. These techniques include:</p> <ul style="list-style-type: none"> • Competitive remuneration packages; • Opportunities to own shares in the Company; • Opportunities for training and progression; • Short, clear reporting lines; • Succession planning.
Information technology dependency		
Our ability to enroll members, carry out online marketing activity, process payments and control gym access is dependent on the performance of our IT systems.	Disruption in critical IT systems could have a negative impact on our reputation and our ability to collect revenue.	<ul style="list-style-type: none"> • Our primary data systems are hosted by fully-qualified organisations in suitable data centres. • Our primary IT infrastructure is fully managed by specialist IT companies who provide best-practice architecture and support. • All membership and business information is backed up using third party locations. • Robust disaster recovery and business continuity plans are in place.
Data protection		
The Group holds business critical and confidential information electronically. A breach of security	Unauthorised access, loss or disclosure of this information may lead to legal claims, regulatory	<ul style="list-style-type: none"> • The Group's networks are protected by firewalls and secure

<p>or data protection rules is a key risk.</p>	<p>penalties, disruption of operations and reputational damage.</p>	<p>passwords.</p> <ul style="list-style-type: none"> All sensitive online data capture and data presentation is SSL encrypted. Our website and member management system are scanned quarterly to be PCI compliant. Access to the central member database requires 2-Factor Authorisation. All financial data relating to customers is stored on external PCI Compliant and, where relevant, BACS approved systems managed by external payment providers. The Group does not store or retain any customer financial data in its own online systems.
<p>Outsourcing model</p>		
<p>The Group operates a largely outsourced model, including areas such as information technology systems, payment processing and marketing. It risks overdependence on third party operational delivery.</p>	<p>As the Group grows there is risk that delivery from service providers is either unreliable or of unsatisfactory quality.</p>	<ul style="list-style-type: none"> Ensure quality suppliers are chosen through well-run tender processes. Understand and seek to mitigate supplier key-man risks. Service level agreements for all key suppliers. Members of management monitor service levels and hold suppliers to account. Ongoing assessment of whether any services should be moved to an insourced resource.
<p>Operational gearing</p>		
<p>High operational gearing from the fixed cost base.</p>	<p>A limited number of corrective options in the cost base could be made to correct any underperformance in membership numbers, which could have an adverse impact on profitability.</p>	<ul style="list-style-type: none"> Monthly monitoring and reforecasting of business performance at site level. Active yield management on a gym by gym basis. Regular financial management by senior management team and Board.
<p>Regulatory</p>		
<p>Failure to adhere to regulatory requirements such as the Listing Rules, taxation, the Data Protection Act, health and safety requirements, planning regulations, noise abatement and advertising and marketing regulations.</p>	<p>Potential reputational damage and penalties.</p>	<ul style="list-style-type: none"> The Board has oversight over the management of regulatory risk and compliance, and delegates specific responsibilities to senior management. Expert opinion sought where relevant.

		<ul style="list-style-type: none">• Legal advice taken to ensure systems, processes and documentation conform with the Data Protection Act.• Third party health and safety risks assessments and audits carried out. Staff conduct periodic health and safety assessments.• Employment and continuous training and development of appropriately qualified staff.
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END OF ANNOUNCEMENT

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