

24 April 2018

The Gym Group Plc  
(the 'Company')

Annual Report and Accounts 2017 and Notice of 2018 Annual General Meeting

Following the announcement on 20 March 2018 of its full year results for the year ended 31 December 2017 (RNS: 2099I), the Company announces that it has posted its Annual Report and Accounts 2017.

The Company also announces that it will hold its Annual General Meeting at 11.00am on Monday 4 June 2018 at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AD.

Copies of the Annual Report and Accounts 2017 and the Notice of the 2018 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.morningstar.co.uk/uk/NSM>

Copies of those documents, together with a form of proxy for use in connection with the 2018 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**

**Instinctif Partners**  
Matthew Smallwood  
Justine Warren

**0207 457 2020**

**Appendix**

The additional information set out below, which is extracted from the Annual Report, is included in compliance with Disclosure Guidance 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.

**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  |
|---|--|---|
| <b>Competition</b>  |  |   |
| 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"><li>• Maintain price discipline and leadership.</li><li>• Maintain focus on choosing the best sites in a geographical area.</li><li>• Continue to invest in the member proposition.</li></ul> |

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| <b>Organic rollout</b>   |  |  |
| 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"> <li>• Our highly experienced property team are focused on site selection and sourcing the best deals.</li> </ul>  |
| <b>Member experience</b>   |  |  |
| 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"> <li>• Monitor utilisation, NPS and FEEFO scores.</li> <li>• Enhance monitoring and feedback processes.</li> <li>• Ongoing review of equipment usage to ensure we meet member requirements.</li> <li>• Explore further innovations to improve the member experience.</li> </ul>  |
| <b>Staff retention</b>   |  |  |
| 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"> <li>• competitive remuneration packages;</li> <li>• opportunities to own shares in the company;</li> <li>• opportunities for training and progression;</li> <li>• short, clear reporting lines; and</li> <li>• succession planning.</li> </ul>                                       |
| <b>Project implementation (New)</b>  |  |  |
| As the business increases in scale, it has engaged or is contemplating a number of wide-ranging and significant projects. Risk inherent in such projects relate to integration, culture and execution. | Failure to address any of these risks could cause impact from minor inconvenience to major business interruption.                            | <p>The risk will be mitigated by having appropriate project governance procedures in place, to include:</p> <ul style="list-style-type: none"> <li>• project sponsor;</li> <li>• project steering group;</li> <li>• project plan;</li> <li>• appropriate level of due diligence; and</li> <li>• integration plan.</li> </ul>   |
| <b>Information technology dependency</b>   |  |  |
| Our ability to enrol 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"> <li>• Our primary data systems are hosted by fully qualified organisations in suitable data centres.</li> <li>• Our primary IT infrastructure is fully managed by specialist IT companies who provide best-practice architecture and support.</li> <li>• All membership and business information is backed up using third party locations.</li> <li>• Robust disaster recovery and business continuity plans are in place.</li> </ul> |

|  |  |   |
|--|--|---|
| <b>Data protection</b>   |  |   |
| The Group holds business critical and confidential information electronically. A breach of security or data protection rules is a key risk.  | Unauthorised access, loss or disclosure of this information may lead to legal claims, regulatory penalties, disruption of operations and reputational damage.                    | <ul style="list-style-type: none"> <li>The Group's networks and systems are protected by firewalls, security software and secure passwords.</li> <li>A full GDPR compliance programme is being delivered with support from external legal and cyber security specialists.</li> <li>All sensitive data is captured and presented using SSL encryption. Our transactional website is scanned quarterly to ensure PCI compliance.</li> <li>Access to central member data systems requires 2-Factor authentication.</li> <li>All customer payment data is stored externally on systems that are PCI-DSS and/or BACS certified.</li> </ul> |
| <b>Outsourcing model</b>   |  |   |
| 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 | As the Group grows, there is risk that delivery from service providers is either unreliable or of unsatisfactory quality.  | <ul style="list-style-type: none"> <li>Ensure quality suppliers are chosen through well-run tender processes.</li> <li>Understand and seek to mitigate supplier key-man risks.</li> <li>Service level agreements for all key suppliers.</li> <li>Members of management monitor service levels and hold suppliers to account.</li> <li>Ongoing assessment of whether any services should be moved to an insourced resource.</li> </ul>   |
| <b>Operational gearing</b>   |  |   |
| High operational gearing from the fixed cost base.   | 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 | <ul style="list-style-type: none"> <li>Monthly monitoring and re-forecasting of business performance at site level.</li> <li>Active yield management on a gym-by gym basis.</li> <li>Regular financial management by senior management team and Board.</li> </ul>   |
| <b>Regulatory</b>  |  |   |
| Failure to adhere to regulatory requirements such as the Listing   | Potential reputational damage and penalties.   | <ul style="list-style-type: none"> <li>The Board has oversight over the management of</li> </ul>  |

Rules, taxation, the Data Protection Act, Employment law, Health and Safety requirements, planning regulations, noise abatement and advertising and marketing regulations.

regulatory risk and compliance, and delegates specific responsibilities to senior management.

- Expert opinion sought where relevant.
- 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.

END OF ANNOUNCEMENT

This information is provided by RNS  
The company news service from the London Stock Exchange

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