

The Gym Group plc

Audit and Risk Committee Terms of Reference

Approved by the Board on 6 November 2025

1. CONSTITUTION

- 1.1 The Board of The Gym Group plc (the “**Company**”) has established the Audit and Risk Committee (the “**Committee**”) under the Company’s Articles of Association.
- 1.2 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these Terms of Reference.
- 1.3 The Committee may further delegate any or all of its powers and authority as it thinks fit, including but not limited to, subcommittees which report to the Committee.

2. MEMBERSHIP AND ATTENDANCE

- 2.1 The Committee shall comprise at least three members, all of whom shall be independent Non-Executive directors. Membership shall include at least one member with recent and relevant financial experience, and at least one member with recent, relevant and practical risk experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates. The Board Chair shall not be a member of the Committee.
- 2.2 Only members of the Committee have the right to attend and vote at Committee meetings. The External Auditor and the Chief Financial Officer will be invited to attend all meetings of the Committee, unless agreed otherwise with the Committee Chair. Other individuals such as the Board Chair, Chief Executive Officer, other Directors and individuals may be invited to attend all or part of any meeting as appropriate. The Committee shall remain independent of management and majority shareholders.
- 2.3 Appointments to the Committee are made by the Board on the recommendation of the Company’s Nomination Committee, in consultation with the Committee Chair and shall be for a period of up to three years, extendable by no more than two additional three year periods, provided that member still meets the criteria for membership of the Committee.
- 2.4 The Board shall appoint an independent Non-Executive Director as the Committee Chair from among those members of the Committee on the recommendation of the Nomination Committee. In the absence of the Committee Chair and/or an appointed alternate member, the remaining members present at any meeting shall elect one of their numbers who would qualify under these Terms of Reference to chair the meeting.
- 2.5 The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and shall ensure the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 2.6 Each member of the Committee shall disclose at the beginning of each meeting to the Committee:
 - (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; and

- (b) any potential conflict of interest arising from a cross-directorship; and

any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the Board) shall resign from the Committee.

3. QUORUM

- 3.1 The quorum necessary for the transaction of business at Committee meetings shall be two members present throughout the meeting. If the meeting is not quorate, it shall be postponed.

4. MEETINGS

- 4.1 The Committee shall meet at least four times a year and at such other times as the Committee Chair or any member of the Committee may request.
- 4.2 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers shall, unless otherwise agreed, be issued to each Committee member and, as appropriate, any other person invited to attend, no later than three working days before the date of the meeting. These may be issued via electronic means, where agreed by the recipient.
- 4.3 Members of the Committee may participate and be included in the quorum of any Committee meetings by means of conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other. Such meetings shall be deemed to take place where the largest group of those participating is assembled, or if there is no such group, where the Committee Chair is located.
- 4.4 The Committee Chair shall have a casting vote in the event of an equality of votes.

5. AUTHORITY

- 5.1 The Board authorises the Committee to:
 - (a) investigate any activity within these Terms of Reference and make recommendations to the Board which it deems appropriate on any area within its remit where action or improvement is needed;
 - (b) seek any information it requires from, or request the attendance at any of its meetings of any Director or employee of the Group and all Directors and employees are expected to co-operate with any requests made by the Committee;
 - (c) use any form of resource that it considers appropriate, including obtaining, at the Company's expense (such expense to be agreed in advance with the Committee Chair) legal or other independent professional advice as it considers necessary to fulfil its responsibilities on any matter within its Terms of Reference and to secure the attendance at meetings of individuals with relevant experience and expertise; and
 - (d) where Directors have concerns about the business of the Committee that cannot be resolved, they should ensure that their concerns are recorded in the Committee minutes. On resignation, a Non-Executive Director should provide a written statement to the Committee Chair, for circulation to the Board, if they have any such concerns.

6. DUTIES AND RESPONSIBILITIES

- 6.1 The Committee should have oversight of the Company and its subsidiaries (the “**Group**”) as a whole and, unless required to do otherwise by regulation, carry out the duties below for the Group as appropriate.

Financial and narrative reporting

- 6.2 The Committee shall monitor the integrity of the financial and narrative statements of the Group, including the annual report, half yearly reports and any formal announcements relating to its financial performance and position, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain, having regard to matters communicated to it by the External Auditor.
- 6.3 In particular, the Committee shall review and challenge when necessary:
- (a) the consistency of application, and any changes to, significant accounting policies both on a year-on-year basis and across the Group;
 - (b) the methods used to account for significant or unusual transactions where alternative approaches exist;
 - (c) whether appropriate accounting standards have been followed and appropriate estimates and judgements made, taking into account the views of the External Auditor;
 - (d) the appropriateness, clarity and completeness of disclosures in the Group’s financial and narrative statements and the context in which statements are made, including the going concern statement and viability statement to be made by the Board; and
 - (e) whether all material information is presented within the financial and narrative statements, and if relevant in the strategic review, directors’ report, corporate governance report and risk management report.
- 6.4 The Committee shall review and monitor any significant adjustments arising from the external audit.
- 6.5 The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Financial Conduct Authority’s Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules.
- 6.6 Where requested by the Board, the Committee shall advise on whether the annual report and accounts, taken as a whole, is balanced, fair and understandable, and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy.

Internal controls and risk management systems

- 6.7 The Committee shall:
- (a) establish procedures for and review the adequacy and effectiveness of the Group’s internal controls and risk management systems. The review should cover all material controls,

including financial, operational, reporting and compliance controls (from 1 January 2026);

- (b) conduct robust assessments of the Company's emerging risks;
- (c) review and monitor management's responsiveness to addressing control weaknesses and non-compliance with laws, regulations and internal policies and other weaknesses identified by management and the External Auditor;
- (d) review and approve the statements to be included in the Group's annual report concerning internal controls and risk management, going concern and viability; and
- (e) provide advice, oversight and challenge necessary to embed and maintain the desired risk culture throughout the Group.

Setting risk appetite, framework and strategy

6.8 The Committee shall:

- (a) consider and recommend for approval by the Board, the Group's overall risk appetite, framework and strategy as well as the metrics to be used, reviewing the adequacy of the risk framework and appropriateness of systems in place on an annual basis;
- (b) oversee and advise the Board on the current and emerging risk exposures of the Group and future risk strategy, and assist the Board in overseeing the implementation of that strategy in accordance with the Board's approved risk appetite;
- (c) in relation to risk assessment:
 - (i) keep under review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
 - (ii) review and approve the parameters and methodology used in these measures; and
 - (iii) set a standard for the accurate and timely monitoring of large exposures and critical risks.

Compliance, fraud and whistleblowing

6.9 The Committee shall:

- (a) review the Group's policies, systems and controls for the prevention and detection of fraud, bribery and corruption and receive reports on non-compliance;
- (b) review the adequacy and security of the Group's policy and arrangements by which employees, contractors and external parties may, in confidence, raise concerns about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that arrangements are in place for the proportionate and independent investigation of such matters and appropriate follow up action;
- (c) review the reports on whistleblowing instances and make recommendations to the Board as it deems appropriate on any findings or improvements, where required; and

- (d) comply with all relevant laws, regulations, standards and best practice as appropriate, in fulfilling its duties under this Terms of Reference.

Internal audit

6.10 The Committee shall:

- (a) review whether, and in what form, the Company will have an internal audit function and make an appropriate recommendation regarding such appointment or termination to the Board for approval;
- (b) review the role and mandate of the internal audit function, the effectiveness of its work conducted across the Group and oversee the implementation of any corrective actions;
- (c) approve the internal audit programme in the context of the Group's overall risk management system and ensure it is aligned to the key risks of the business;
- (d) review reports from the internal audit function and consider any major findings from their work;
- (e) review management's responsiveness to internal audit findings and recommendations; and
- (f) where there is no internal audit function, the Committee shall consider alternative methods by which it can satisfy itself that internal assurance is achieved and maintained, and how this might affect the work of the External Auditor.

External audit

6.11 The Committee shall monitor and review the effectiveness of the External Auditor, including:

- (a) consider and make recommendations to the Board for the appointment, re-appointment and removal of the Group's External Auditor, which shall be put to shareholders for approval;
- (b) develop and oversee the selection process for the appointment of an external auditor in accordance with the applicable rules and regulations, ensuring that tendering firms have access to all necessary information and individuals during the tendering process;
- (c) in the event of the resignation of an External Auditor, investigate the issues surrounding this and whether any action is required;
- (d) overseeing the relationship with the External Auditor including, but not limited to:
 - (i) reviewing and approving their terms of engagement, including any engagement letter issued at the start of each audit, the scope of the audit and their remuneration fees for audit and non-audit services, ensuring the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - (ii) reviewing and monitoring their independence and objectivity including any threats to the same and safeguards applied to mitigate those threats including the provision of non-audit services;

- (iii) satisfying itself that there are no relationships between the External Auditor and the Group (other than in the ordinary course of business) which could adversely affect the External Auditor's independence and objectivity;
- (iv) monitoring the External Auditor's compliance with relevant laws, regulations, the Ethical Standard and other professional guidance including guidance on the rotation of the audit partner and staff and the level of fees paid by the Company compared to the overall fee income of the firm, office and partner;
- (v) assessing annually the qualifications, expertise and resources of the External Auditor and the effectiveness of the audit process, which shall include a report from the External Auditor on their own internal quality procedures;
- (vi) agreeing with the Board a policy on the employment of former employees of the External Auditor and monitoring the application of this policy;
- (e) meeting regularly with the External Auditor, without management being present, to discuss the External Auditor's remit and any issues arising from the audit;
- (f) reviewing and approving the annual external audit plan and any interim audit plan to ensure that it is consistent with the scope of the audit engagement;
- (g) reviewing the findings of any annual or interim audit with the External Auditor (in the absence of management if necessary), which includes, but is not limited to, discussion of any significant issues which arose during the audit; key accounting estimates and judgements; the level of errors identified during the audit and the effectiveness of the audit process; and
- (h) reviewing any representation letters requested by the External Auditor before they are signed by management.

Non-Audit Services Policy

- 6.12 The Committee shall develop, implement and oversee a policy on the supply of non-audit services by the External Auditor to avoid any threat to auditor objectivity and independence.

7. REPORTING RESPONSIBILITIES

- 7.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3 The Committee shall provide a description of its membership, duties and activities during the year in the Company's annual report as prescribed by the relevant laws and regulations and the UK Corporate Governance Code (the "**Code**") including:
- (a) the significant issues that the Committee considered in relation to the financial and narrative statements and how these issues were addressed;
 - (b) a description of how the Board has monitored and reviewed the effectiveness of the Group's risk and internal controls framework;

- (c) that it has completed an assessment of the Company's principal and emerging risks, including a description of the Company's principal risks, and an explanation of how these are being managed or mitigated. The Committee should explain what procedures are in place to identify and manage emerging risks;
- (d) a declaration of effectiveness of the material controls as at the balance sheet date (from 1 January 2026);
- (e) a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action to address previously reported issues (from 1 January 2026);
- (f) how it conducted and the conclusion of its assessment of the viability of the Company;
- (g) an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the External Auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and
- (h) an explanation of how auditor independence and objectivity are safeguarded if the External Auditor provides non-audit services, having regard to matters communicated to it by the External Auditor and all other information requirements set out in the Code.

7.4 The Committee shall advise the Board on whether it considers it appropriate to adopt the going concern basis of accounting in preparing the annual and interim financial statements of the Company and identify any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of those financial statements.

7.5 The Committee Chair shall be available to answer questions about the Committee's activities at the Company's annual general meeting. All other members of the Committee shall also attend the annual general meeting. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

7.6 The Committee should make its Terms of Reference available on the Company's website.

8. REVIEW

8.1 These Terms of Reference shall be reviewed by the Committee at least annually.