

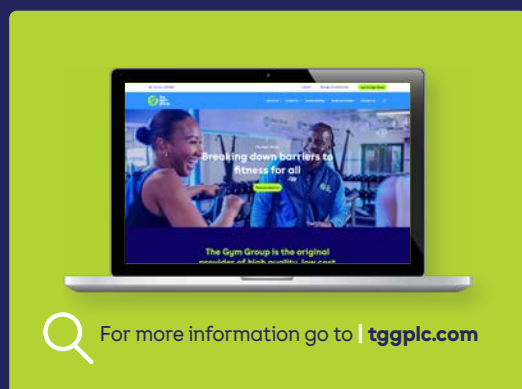


Next
Chapter
growth plan
delivering



Overview
Who we are

The Gym Group is the original provider of high quality, low cost gym facilities in the UK. We offer 24/7, no contract gym memberships delivering great value-for-money for all our members.



For more information go to | tggplc.com

Overview
2024 highlights

Financial

Revenue

£226.3m

2023: £204.0m

Group Adjusted EBITDA
Less Normalised Rent¹

£47.7m

2023: £38.5m

Statutory profit for the year

£4.4m

2023: loss of £8.4m

Non-Property
Net Debt¹

£61.3m

2023: £66.4m

Business and operational

- Next Chapter growth plan driving up returns in mature gym estate, through higher yield, more cost-effective promotion, better targeted customer acquisition and early progress on retention
- High levels of member engagement and satisfaction sustained, with 93% of members rating The Gym Group 4 or 5 out of 5 for overall satisfaction (57% 5/5)
- Proportion of members visiting 4+ times a month increased by 120bps
- Continued investment in member proposition with capital spend in over 100 sites and significant enhancements made in 15; 12 new sites opened in 2024
- Employee engagement score improved; now rank in the top 5%² of consumer services businesses for overall engagement

1 See page 167 for definition and cross-reference to reconciliation to statutory measure.
2 Based on companies included in the Peakon benchmark. Peakon is software developed by Workday that is designed to gather, analyse and improve employee sentiment.
3 See footnote on page 13 for information on what Social Value is and how it is calculated.

ROIC on mature sites¹

25%

2023: 21%

Investment in

>100

sites in 2024

Employee engagement²

9 out of 10

2023: 8.5

Overall member
satisfaction

93%

scoring 4 or 5 out of 5

Social Value³
generated in 2024

£962m

2023: £890m

See Progress against the Next Chapter growth plan on pages 19 to 23

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Overview

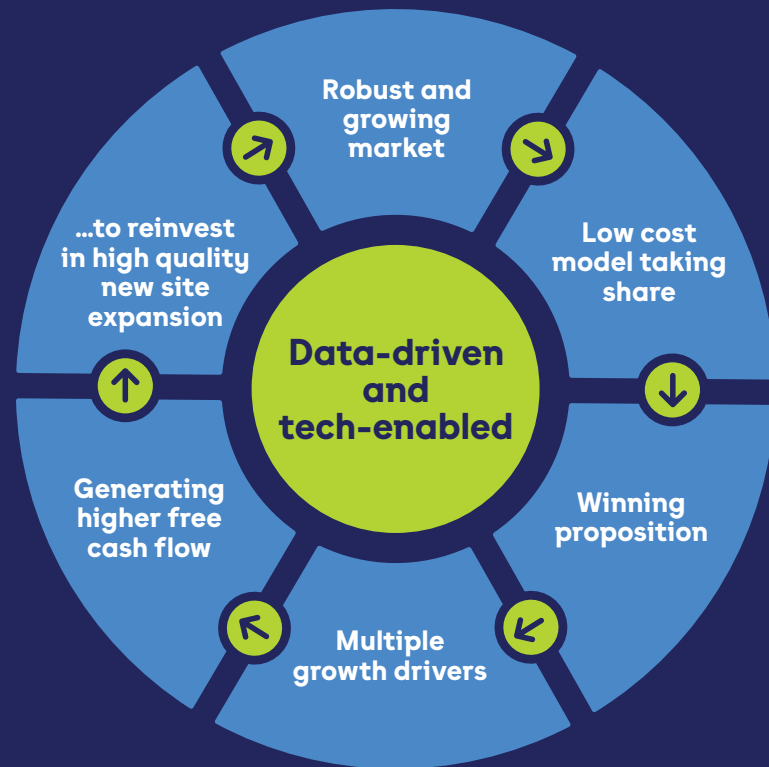
Introduction to our business

Our purpose

Breaking down barriers to fitness for all

We have a simple, scalable proposition, proven to deliver strong member satisfaction scores, in the robust and growing market for high value, low cost fitness. By taking a data-driven and tech-enabled approach to growth, our strategy is to grow sustainably from free cash flow and deliver strong returns for shareholders.

Our investment case



What we deliver

- We provide a market-leading, high value, low cost gym experience to drive growth in our membership base.
- We have significant advantages from our scale-efficient model: optimising operations, technology, brand and marketing.
- We are accelerating new gym openings from free cash flow, and with scale, driving strong financial returns to enable reinvestment and drive further growth.

High value, low cost fitness nationwide

- 245 high quality gyms affording access to more than 50% of the UK population¹.

Social Value for communities²

- £3.4bn of Social Value created through member exercise over last 5 years.

Sustainable long term growth

- New openings funded from free cash flow and further headroom for c.10 years of growth³.

Strong return on invested capital⁴

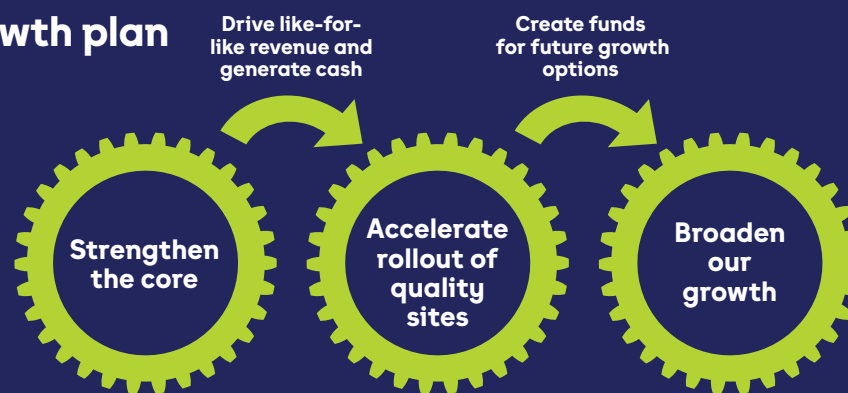
- 25% delivered in 2024 (2023: 21%).

1 Over half of UK adults live within 15 minutes of a local TGG gym.
 2 Social Value is a measure of the value we are creating through regular exercise in the communities in which we operate. It is derived using a model created by Sheffield Hallam University and used extensively by Sport England, local authorities, and the UK Government.
 3 Source: PwC market study, February 2024.
 4 Return on invested capital of mature gym sites. See page 167 for definition.

See the Sustainability report on pages 34 to 45

Our Next Chapter growth plan

The framework of our Next Chapter growth plan is three components – firstly to 'Strengthen the core' of our business to increase returns from the existing estate. This funds the second part of the plan to 'Accelerate rollout of quality sites', in turn creating optionality to thirdly 'Broaden our growth' as we develop our proposition into new channels, new adjacencies and/or new markets.



See The Next Chapter growth plan on pages 16 to 18



Our key stakeholders

A successful working relationship with our stakeholders is key to our operating model.

Stakeholders	Why they matter
Shareholders	Our investors provide capital for growth, whilst providing challenge and feedback on our business model and plans for the future.
Employees	Our employees are the driving force behind our purpose and growth. We are a people-first business and consider our unique team and culture to be a vital part of our strategy.
Members	Satisfied members are what makes our gyms successful, and they inspire us every day with their achievements. They are the best indicator that we are delivering on our purpose of breaking down barriers to fitness for all.
Suppliers	Our suppliers ensure we source the best value goods and services for the benefit of our members and employees. High standards of ethics and business conduct are an important part of being a responsible business.
Communities	Being a valuable part of the communities in which we operate is hugely important to us. Providing safe and affordable facilities to exercise creates Social Value for the communities around our gyms.
Environment	We are committed to finding new opportunities to improve our environmental performance, including on our pathway to net zero carbon emissions. Sustainability has always been at the core of our business.
Lending banks	Our lending banks provide funds for growth and day-to-day working capital to enable us to operate and grow our business to its full potential.

Overview

Introduction to our business continued

We focus on operating high value, low cost gyms that have widespread appeal. We score highly on member satisfaction and have over 65 million gym visits per annum.

Member proposition



Market-leading low price membership



High quality gym equipment and exercise facilities



Friendly, helpful staff and access to personal trainers



24/7 access and unlimited training



Free group exercise classes



No contract



Convenient locations +50% of UK population live within 15 minutes' drive of at least one of our gyms



Flexible membership options with Ultimate, Standard, Off-peak and Saver



Highly rated app with around 700,000 users

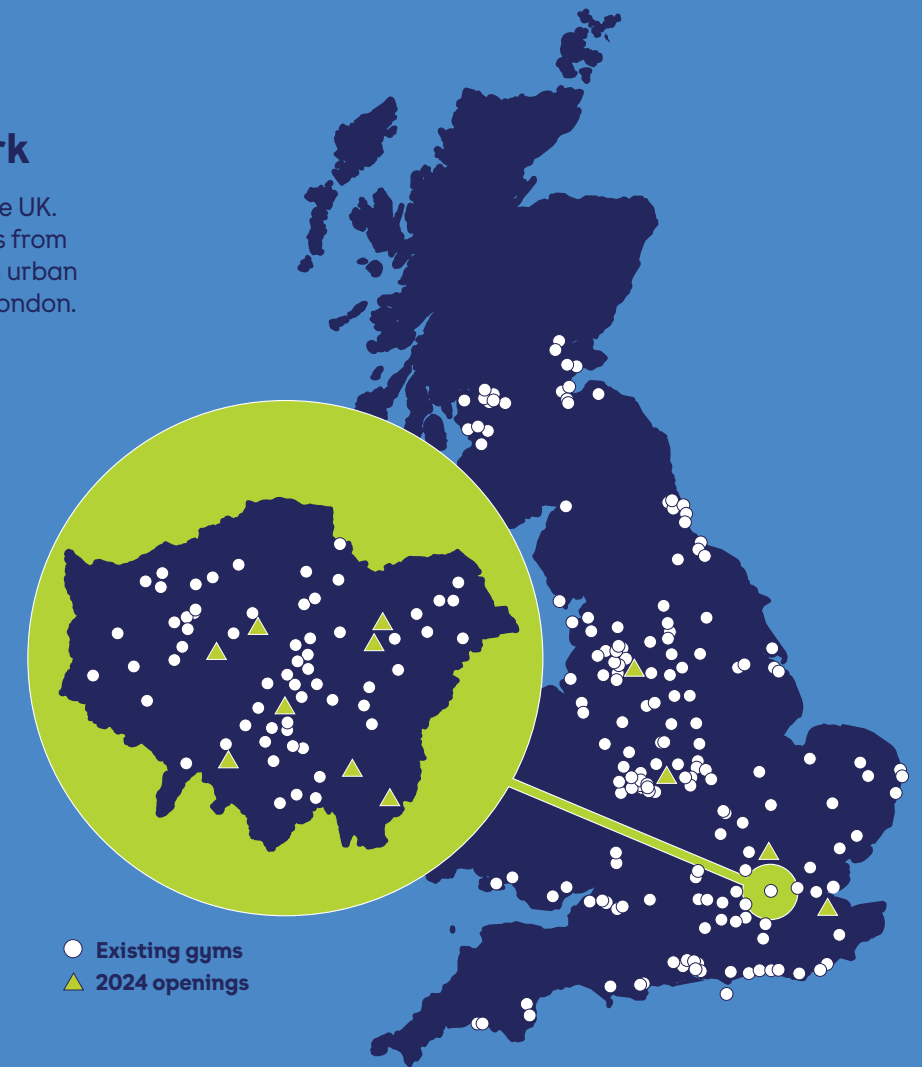
Strong gym network

We operate 245 gyms across the UK. In 2024, we opened 12 new gyms from free cash flow, predominantly in urban residential areas and Greater London.

245
Number of gyms

891,000
Number of members

£24.53
Average headline price per month in December 2024 – Standard Membership



● Existing gyms
▲ 2024 openings

* Note: All figures correct as at 31 December 2024. Average monthly membership relates to Standard rate. Standard membership is a monthly membership for one specific home gym.



Strategic report
Market review

Winning proposition in a growing market

The low cost gym segment continues to drive the growth of the UK health and fitness market. Our position as a leading operator means we are well placed to take advantage of the long term structural growth within the sector.

Consumer demand

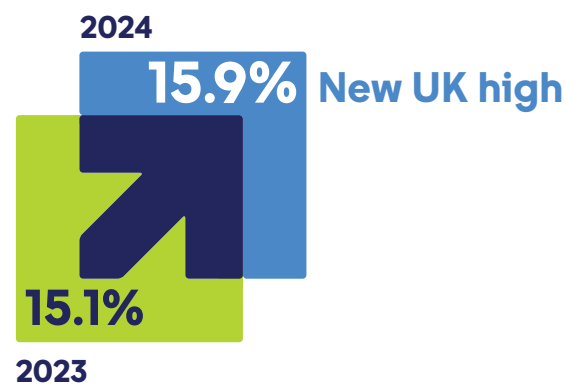
The macro consumer environment has improved compared to recent years, driven by rising real wages and disposable incomes, alongside a gradual recovery in business and consumer confidence from the lows of 2022. However, the pace at which these improvements will translate into sustained economic growth remains uncertain. In the near term, cost-of-living pressures continue to weigh on discretionary spending, leading consumers to carefully evaluate their financial priorities.

Despite these challenges, health and fitness engagement remains robust. Consumers increasingly view exercise as essential for both physical and mental wellbeing, positioning gym memberships as a necessity rather than a discretionary expense. This has contributed to increased gym participation on a macro level and resilient demand for memberships. However, value-for-money remains a critical factor in consumer decision-making – an area where The Gym Group is in a leading position.

Social media continues to play a pivotal role in shaping fitness trends, driving interest in strength training, functional fitness, and group-based activities. The evolving 'Fit not Thin' movement has reinforced a cultural shift toward building strength, endurance, and holistic health, further supporting the importance of gym access.

As a leading UK low cost, nationwide, 24/7 gym operator, with an average headline rate of a Standard membership of £24.53 in December 2024, The Gym Group is well-positioned to attract and retain members. This includes those transitioning from premium and mid-market fitness clubs in search of greater value, as well as first-time gym-goers drawn by affordability, accessibility, and the increasing awareness of fitness as a cornerstone of health.

UK gym market penetration (% of population)¹



¹ Source: Leisure DB State of the UK Fitness Industry reports.



UK gym market

The health and fitness market in the UK has shown structural growth for over a decade and continued to grow in 2024, reaching a market size of £5.9bn and an estimated 10.7 million gym members. This is a continuation of a consistent long run growth trend, with market size growing by 3.5% CAGR 2012-24, and members growing by 2.9% across the same period.

A significant proportion of that growth has been driven by low cost gyms, which now account for 15% of the market value (up from 2% in 2012) and 28% of the membership (up from 4% in 2012), according to data from State of the UK Fitness Industry Report 2024 published by Leisure DB.

In recent years, the low cost sector has continued to roll out at pace, though barriers to organic entry into the low cost market remain high, with the top two players accounting for 81% of low cost members.

In this trading environment, the benefit of economies of scale, competitive pricing and a highly cost-efficient operating model enabled us to strengthen our position further as a market leader with 12 new sites opened in 2024.

Market size
Low cost gaining share, from 2% in 2012, to

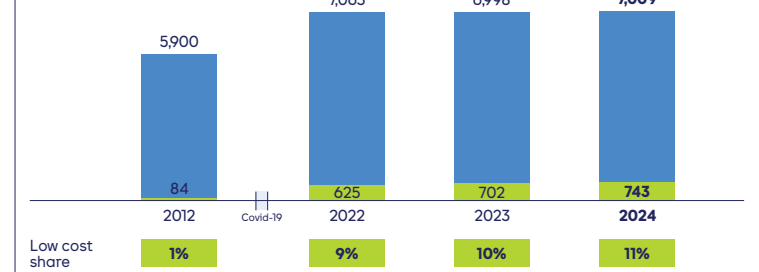
15%
in 2024

Gym members
Low cost gaining share, from 4% in 2012, to

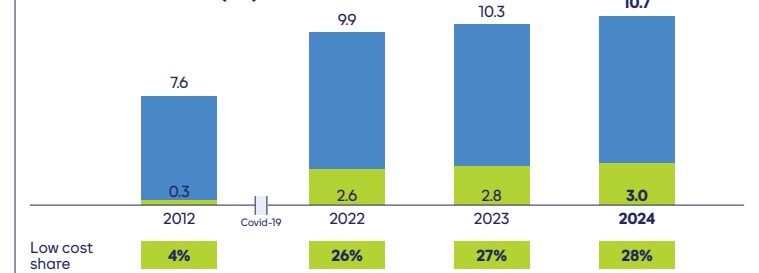
28%
in 2024



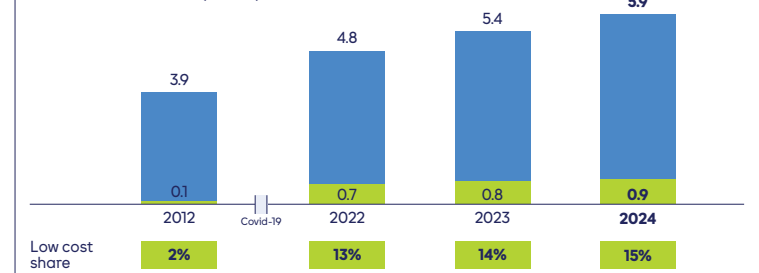
Total gyms (number)²



Total members (m)²



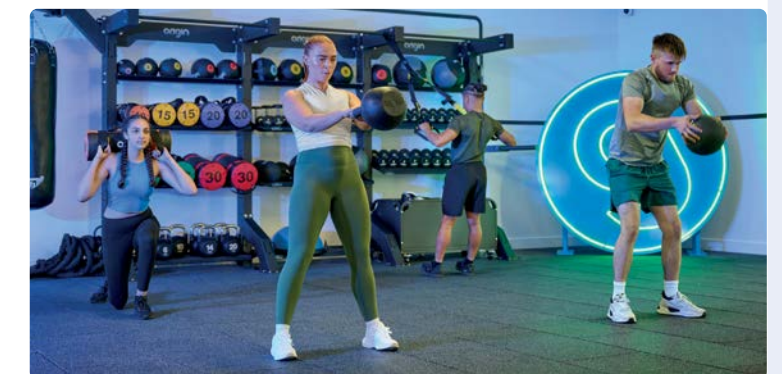
Market value (£bn)²



Key
Low cost² Rest of market

² Adjusted low cost sector: 2024 numbers as reported by Leisure DB. 2023 removes Coach Gym, easyGym, Foundry Gym, Lifestyle Fitness, Revolution Fitness, Vitality Health & Fitness, GymFit4Less and I-Motion Gym; 2022 removes these operators plus energie Fitness, TruGym and ActiveFitness; 2012 removes easyGym, Fitness4Less, Lifestyle Fitness and TruGym.

Source: Leisure DB State of the UK Fitness Industry reports – as of 31 Mar each year.



Strategic report
Market review continued

Growing importance of Gen Z

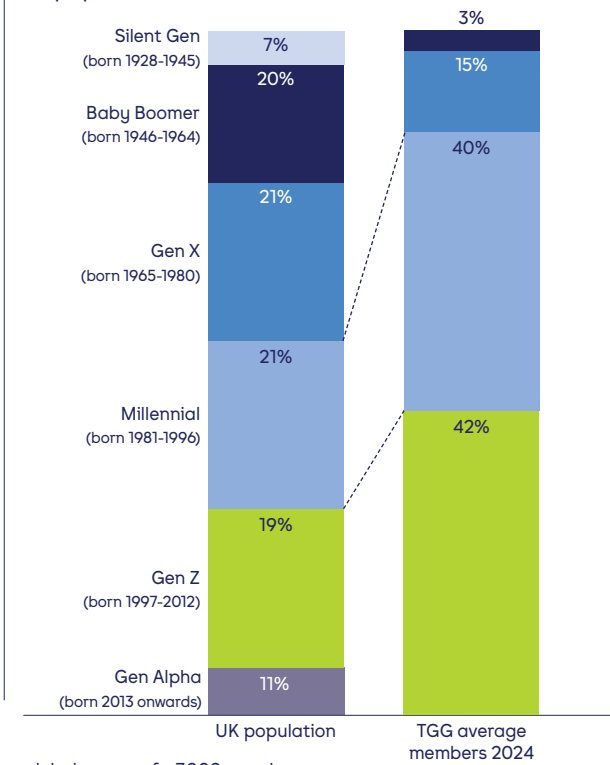
Gradually, Gen Z is becoming a key driver of growth for our business, fuelling positive trends for both the market and our Company. In 2024, they accounted for 42% of The Gym Group's average members and over half of all new members, underscoring their growing significance.

Gen Z's unique preferences and behaviours make them the most fitness-engaged generation to date. Highly informed about the mental and physical benefits of exercise, they prioritise fitness as an integral part of their lifestyle, often allocating a larger share of their spending to it than other categories. For this generation, gym membership holds 'social currency' value, with Gen Z being 29% more likely than Millennials to exercise with others¹. The gym has become not only a space for physical activity but also a hub for socialising and building connections, reinforcing its role as a vital part of their daily lives and identity.

This high level of engagement is driving positive tailwinds for the gym industry, particularly for value gyms, and supports our view that there is significant growth potential in the UK market. With gym penetration currently at 15.9%, there is ample room for expansion as fitness continues to gain prominence in Gen Z's priorities and lifestyles.

Generation split²

UK population and TGG members, %



1 Source: 2024 Strava report – 'Year in Sport: The Trend Report', based on a global survey of c.7,000 people.
 2 Source: UK population data from Xplor Gym Membership Sales Report 2024 (taken from Statista) – data from most recent year available (2022); and The Gym Group internal data.

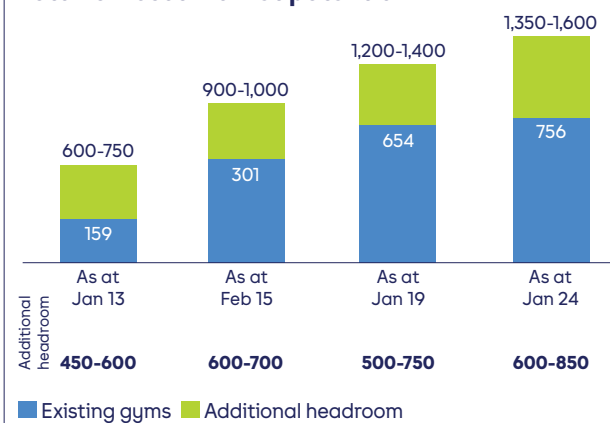
Growth potential

A PwC market study, commissioned by The Gym Group and published in February 2024, assesses the current total market capacity for low cost gyms to be between 1,350 and 1,600 gyms, suggesting additional growth potential in the market of 600–850 gyms.

This headroom assessment highlights the continued expansion potential of the low cost market driven by a combination of increased consumer demand, expansion in the wider health and fitness market and low cost gyms entering smaller catchment areas.

At recent rates of site expansion by all low cost gym operators, the analysis suggests there is scope for a decade or more of further growth.

Total low cost market potential³



3 Source: PwC market study, February 2024.

In summary

'High value, low cost' fitness is a winning proposition in the growing part of a growing market. With this strong foundation in place, we are executing a clear Next Chapter plan to grow revenues, membership and quality new sites, with significant white space in the UK.

We will take a disciplined, data-driven and returns-focused approach to this growth, to grow sustainably for the benefit of shareholders.



Strategic report

Chair of the Board's statement

A year of progress

2024 represented a year of good progress for The Gym Group as the new leadership team began to implement its strategy – the Next Chapter growth plan – with strong initial results.



Our members continue to value The Gym Group proposition highly

We have continued to offer our members great value for money and an excellent in-gym experience. As a result, customer satisfaction and frequency of visit – both core KPIs for us – have remained very strong. Notwithstanding an uncertain UK macroeconomic background, health and wellbeing remains a core priority for discretionary spending. This is a key driver of long term growth in the gym market, with the combination of low cost and high value continuing to drive market share gains.

Moderating cost inflation combined with strong revenue gains delivered excellent profit growth

The Next Chapter growth plan has delivered great results in 2024, ahead of our original expectations. Total revenue growth of 11% reflects both strong like-for-like sales growth and an acceleration of new site openings last year. The new sites have performed strongly, reflecting the clear focus on high quality, high returning locations; and we expect to pick up the pace again in 2025.

With the energy-led pressure on costs starting to abate, we saw good operational leverage from our like-for-like growth to deliver 24% growth in Group Adjusted EBITDA Less Normalised Rent and a return to profit before tax.

Successful refinancing completed

We strengthened our financial position further in 2024, generating strong positive cash flow even as we stepped up both the rate of expansion and the reinvestment in our existing gyms. It is a mantra of our business to ensure that we are offering our members the best possible experience, with top quality equipment, as well as making new fitness industry trends, such as HYROX, accessible in an attractive environment.

During the year, we continued to reduce leverage further within our guidance range and in June 2024, we entered into a new three year £90 million bank facilities agreement with our existing banking syndicate. We continue to plan to fund our future growth under the Next Chapter growth plan from free cash flow.

Sustainability embedded in our strategy

Sustainability is a founding principle of The Gym Group. Last Summer, we held a webinar for our investors to demonstrate how our sustainable approach to growth is embedded within our Next Chapter growth plan. The impact of regular exercise on our members in improving both their physical and mental wellbeing is clear.

Our Social Value measure – a model used by government and key sector stakeholders – shows continued progress to record levels in 2024 as the frequency with which our members visit our gyms continues to increase. We are delighted to have exceeded our target of £900m of Social Value created a year early.

Through our purpose of breaking down barriers to fitness for all, we aim to continue to lead our sector in ESG and are proud to have entered a long term partnership with NHS Charities Together. It is an important motivator for our people, who are proud to play a part in their local communities in fundraising and volunteering.

A strong and stable team

After some significant changes at both Board and Executive Committee level in 2022 and 2023, I am pleased to say that 2024 has seen a period of stability. There have been no changes at Board level in the past 12 months and the Executive Committee is developing well under Will Orr's leadership as they start to deliver the Next Chapter growth plan. I'd like to thank the current Board members for their help and support to the management team as they developed and refined the Next Chapter growth plan.

We are in the process of recruiting an additional independent Non-Executive Director to replace Emma Woods and David Kelly, who both stepped down from the Board in 2023, to ensure that we have adequate bandwidth as well as the right balance of skills and expertise on the Board. We look forward to updating on this in due course.

Looking forward

The Board is confident that this team and this plan will deliver further strong progress in results. The Gym Group has a great proposition; an accelerating growth plan; and is well capitalised to fund its expansion within a sector that continues to offer the opportunity of significant long term growth.

John Treharne
Chair of the Board

12 March 2025

Strategic report

Chief Executive's review

Progress and potential

This strong set of results reflects good progress against the strategic objectives set out in our Next Chapter growth plan. We have seen excellent momentum to date with increased membership, revenue and profit; and our market-leading proposition is more resonant than ever, in a sector that is growing. We will continue to execute on initiatives started in FY24 alongside new initiatives in place for FY25, underpinned by our investment in technology and data to drive future growth.



“We have delivered our mid term mature site ROIC target early and seen strong performance in our newest gyms. We believe there is more to come, giving us the confidence to increase guidance again to the top end of the recently revised analyst forecast range for FY25.”

Will Orr | Chief Executive Officer

The Gym Group has a winning 'high value, low cost' proposition and operates in the fastest growing part of a growing market for health, fitness and gyms. With a clear plan and a strong team in place, I'm more confident than ever about our prospects for sustained growth.

We have had a year of good progress as we began to execute our Next Chapter growth plan outlined at our preliminary results presentation a year ago. The first year of the plan has resulted in strong growth in revenues and EBITDA, translating into increased free cash flow which we are continuing to reinvest to generate further growth.

Next Chapter recap

Our Next Chapter growth plan is focused on delivering sustained growth from free cash flow in the highly resilient and growing health and fitness market, within which the 'high value, low cost' gym sector is showing particularly strong growth.

This growth plan aims firstly to 'Strengthen the core' of our existing business, increasing returns from the existing estate. 'Strengthen the core' includes pricing and revenue management, cost-effective member acquisition, and improving member retention.

The second part of the plan is to 'Accelerate rollout of quality sites'. Here we set ourselves a target of opening around 50 high quality, high returning sites over three years, funded from free cash flow.

Successful execution of these two priorities is our current focus because we see strong potential in both. That said, we will periodically assess further options to 'Broaden our growth' over the longer term. Details of the Next Chapter growth plan can be found on pages 16 to 18.

25%
ROIC on mature sites in 2024
 (27% after excluding 13 workforce-dependent gyms¹)

891,000
members
 at 31 Dec 2024; +5% YoY
 (31 Dec 2023: 850,000)



High quality gym equipment and exercise facilities

FY24 enhancement investment in
>100
sites

A winning proposition

Underpinning our growth is our focused, scalable proposition which continues to deliver for our members. As at the end of February 2025, we have 951,000 members, up 7% since last year end. Visits continued to grow in 2024 and the proportion of members visiting 4+ times per month has increased by 120bps. This remains a key target as more members visiting more frequently improves retention, revenue growth and the Social Value² we create. In 2024, we created £962m of Social Value, up from £890m in 2023.

We invested £12.2m in our mature gyms in 2024, upgrading facilities and equipment in over 100 sites with more comprehensive enhancement projects in 15 of them. We have also rolled out the popular HYROX training sessions to more locations, and they are now available in 120 of our gyms.

Customer satisfaction metrics show continuing strength, with 93% of our members rating The Gym Group 4 or 5 out of 5 for overall satisfaction (57% 5/5). According to Google reviews, we have a significantly higher percentage of 4/5 and 5/5 satisfaction scores compared with our closest high value, low cost competitors.

We were also proud to be named as one of the Best Places to Work in the UK in 2024's Sunday Times survey, while our employee engagement score in the latest survey (carried out in Q4 of 2024) increased to 9/10 (8.5/10 in FY23). Our highly engaged and high performing teams are critical to our winning proposition, delivering a positive member experience, driving frequency of visits and supporting our growth plan.

¹ Sites with a workforce index of more than 120 (workforce population / residential adult population *100), without car parking or a significant student population.
² The Social Value Model created by Sheffield Hallam University focuses on member participation and the health benefits of regular exercise. It calculates the financial value resulting from reduced GP visits, enhanced life satisfaction, personal development and the growth of social and community connections.

Strategic report

Chief Executive's review *continued*

Strengthen the core

As the key measure of success for the 'Strengthen the core' programme, we set a target to achieve an average ROIC on our mature sites of 25% over the medium term, compared with the starting point of 21% in FY23. Thanks to the rigour of our approach and the efforts of our teams, we have delivered a ROIC of 25% in the first year (27% after excluding 13 workforce-dependent gyms¹), with active pricing and revenue management delivering a strong improvement in like-for-like revenue and resulting in excellent growth in site EBITDA.

Details of our progress in 2024 under the Next Chapter growth plan can be found on pages 19 to 23.

Yield improvement from reducing the gap with competitors

We have targeted reducing the pricing gap with our key 'high value, low cost' competitors and have made good progress in 2024. Our average headline price for a Standard membership in December 2024 was £24.53, up 6%, or £1.37, year on year. Like-for-like revenue

growth of 7% reflects a combination of higher headline rates for new members, re-pricing of the existing member base, and more cost-effective promotional activity. This approach to yield improvement, as with all areas of the Next Chapter growth plan, is based on expert analysis of comprehensive data sets and rigorous A/B testing.

We have achieved this increase in yield without seeing an increase in the rate of member churn and, as a result, our like-for-like membership has been maintained. Our strategy has been to optimise the pricing opportunity, whilst using our data management tools to minimise volume attrition.

The introduction of off-peak pricing has supported this approach. Off-peak provides members with a third, particularly affordable membership option, which strengthens our marketing proposition and provides a 'safety net' to retain existing members who otherwise might have left. We have further refined off-peak pricing at site level to minimise cannibalisation and drive incremental volume.

Using data and technology to support customer acquisition and retention

When it comes to acquiring new members, we have been very focused on ensuring our marketing spend delivers a strong return on investment. To that end, we have increased A/B testing to improve messaging, media deployment and web conversion.

As we said in our March 2024 strategy presentation, increasing member retention and tenure has significant potential revenue upside. The highest rate of churn is in the first 45 days of membership, before a habit has formed. Therefore, a core part of our retention plan is 'early life' engagement with members. By utilising behavioural science in our email engagement with new members; upgrading our highly rated and well used app; and improving in-gym interaction with new members, we have seen an improvement in the average tenure of our membership base in 2024.

In 2025, we will commence a programme of investment in our major technology and data platforms. This is focused on introducing a new set of market-leading business and member capabilities, accelerating the pace of innovation and creating a step change in operational performance, scalability and efficiency when it comes to delivering tech-enabled strategic initiatives.

We will be implementing new member management and payment systems, with the implementation being staged over the next two years to minimise any risks as we make this transition. We expect these developments to accelerate the already strong progress we are seeing from the Next Chapter growth plan.

Accelerating rollout of quality sites

Our Next Chapter growth plan targets an accelerating rollout of high quality sites, delivering 30% ROIC and funded from free cash flow.

We opened 12 new gyms in 2024, at the top end of our guidance of 10-12 openings, eight of which opened in the second half. These locations all met the criteria of high population density, good visibility and convenient transport links – all being in Greater London or other 'Urban Residential' locations. We have also refined our approach to launching our new gyms, resulting in a more rapid ramping up of member volumes. Enhanced tailoring of marketing and gym product to local markets has resulted in all new sites performing ahead of historical maturity curves.

In addition, applying the 'Strengthen the core' approach across our estate has ensured that sites opened in 2022 and 2023 are also on track to deliver our 30% ROIC target. As well as supporting revenue in the mature estate, we continue to drive cost efficiency projects, enhancing new site returns as well as improving the performance of mature sites. These include refining the operating model, optimising energy usage and innovating in-build cost management.

There is a strong site pipeline building – helped by our appointment of leading property agents, Savills – that is expected to deliver 14-16 new gyms in 2025, in line with our three year target of c.50 gyms, delivering an average ROIC of 30%. We remain committed to our ROIC target, which will continue to take precedence over delivering a specific number of site openings in any given year.

See Progress against the Next Chapter growth plan on pages 19 to 23.

Next Chapter summary

We have a clear Next Chapter growth plan which is showing encouraging early results. It has enabled us to deliver our mid term returns target for the mature estate in the first year of the plan, and to open new sites that are performing ahead of our expectations.

We will continue to harness data and A/B testing to increase yields, while aiming to maintain like-for-like membership volume through effective marketing. This, alongside strong cost management, is expected to support like-for-like revenue growth ahead of inflation and further improvements to mature site ROIC. With our retention programme gathering momentum, and a major data study we commissioned identifying clear member headroom in clusters of our existing sites, we have further initiatives to come on like-for-like growth.

This strengthening of returns in our core estate will, as outlined, in turn underpin our organically funded rollout of quality new sites, taking full advantage of the significant white space opportunity for low cost gyms in the UK.

Management appointments

We welcomed two new arrivals to our Executive Committee in 2024. Tina Koehler joined us as Chief Commercial Officer in September 2024. Tina brings extensive commercial and marketing experience from previous roles at Deliveroo, Procter & Gamble, Amazon and Audi.

Hamish Latchem joined us in December 2024 as Chief Property Officer, having previously been National Store Development Director at Aldi UK. Hamish took over the role from David Melhuish, who after a decade at The Gym Group in senior roles, retired at the end of the financial year, with our thanks and best wishes.

Summary and outlook

The Gym Group has a winning high value, low cost proposition that is well placed to thrive in the growing health and fitness market. Through our clear Next Chapter growth plan, we have identified multiple opportunities to drive like-for-like revenue growth. With significant white space opportunity suggesting a decade of rollout potential, we are accelerating our self-funded rollout of c.50 sites over three years that are expected to deliver an average 30% ROIC.

We are building momentum, having achieved a 24% increase in Group Adjusted EBITDA Less Normalised Rent in FY24 and delivered our target of 25% ROIC in mature sites early. Trading has remained strong through our key member recruitment period and our resilient business model is well insulated from wider market cost pressures. As a result, we now expect that FY25 Group Adjusted EBITDA Less Normalised Rent will be at the top end of the recently revised analyst forecast range of £49.0m-£50.8m³, driving further progress in mature site ROIC in FY25 and confidence in a return to 30% in the longer term.

Further details on the FY25 financial guidance can be found in the Financial review on page 31.

Finally, I would like to thank our committed, expert people. We have a fantastic team who have worked hard to deliver a strong 2024, and a good start to 2025.

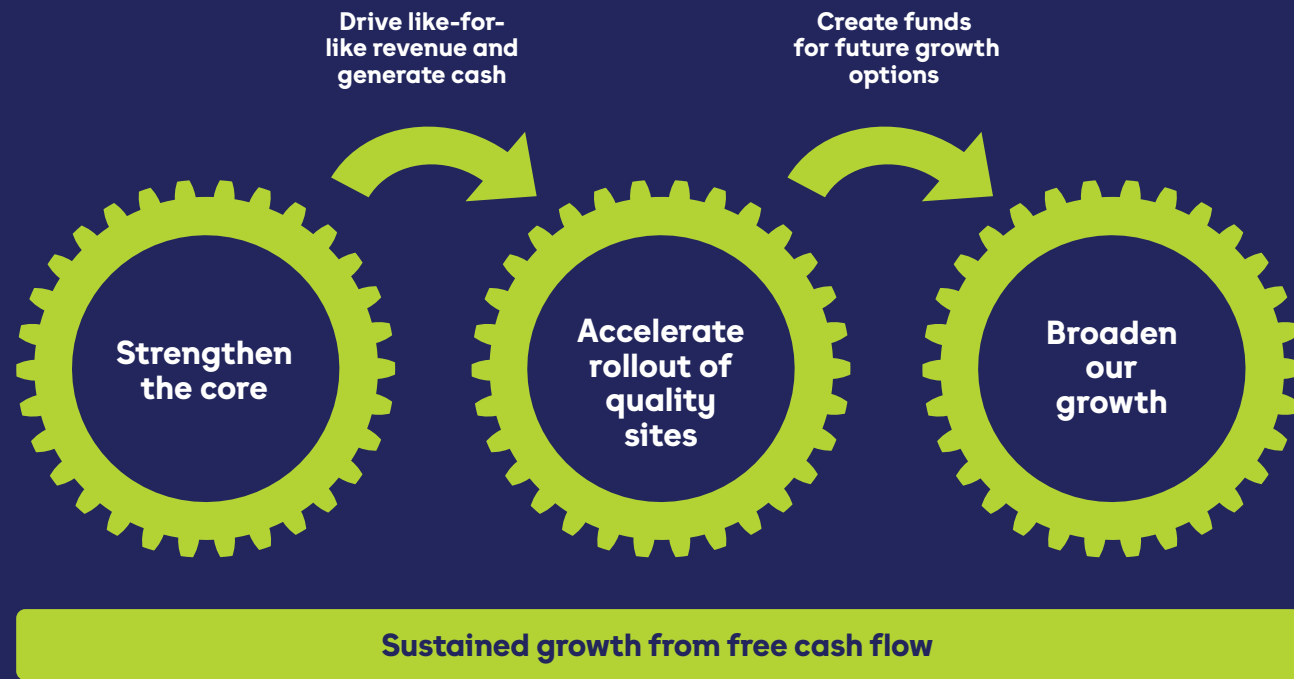
Will Orr
Chief Executive Officer
12 March 2025

¹ Sites with a workforce index of more than 120 (workforce population / residential adult population *100), without car parking or a significant student population.



Strategic report

The Next Chapter growth plan



Our investment case is to deliver sustained growth from free cash flow in the highly resilient and growing health and fitness market; and the Next Chapter growth plan is how we will deliver this.

This growth plan aims firstly to **'Strengthen the core'** of our business, increasing returns from the existing estate and funding **'Accelerate rollout of quality sites'**. In the longer term, this will then create optionality to **'Broaden our growth'** as we develop our proposition into new channels, new adjacencies and/or new markets. All of this is underpinned by data-driven decision-making utilising our technology platforms.

Strengthen the core

Under our plan to 'Strengthen the core', we have identified a number of growth drivers that will deliver increased returns in our existing estate and underpin the attractive returns we continue to drive from our new sites.

The key initiatives under this plan fall into three categories:

- Pricing and revenue management;
- Member acquisition; and
- Member retention.

Each of these categories will contribute to like-for-like growth in our mature estate and provide an opportunity to access some of the potential new members we have identified. Further information about the initiatives under each of these categories and the progress we have made in 2024 is set out on pages 19 to 21.

Accelerate rollout of quality sites

As set out in the Market review section on pages 6 to 9, a PwC market study commissioned by The Gym Group and published in February 2024, suggests that there is the potential capacity for between 600 and 850 additional gyms in the low cost gym sector. At recent rates of site expansion by all low cost gym operators, this suggests there is scope for at least ten years of further growth.

We have identified the key characteristics of high-returning sites, and it is clear that Greater London and 'Urban Residential' locations deliver the best returns for us. This, therefore, is where we are concentrating our site opening programme for the time being. Disciplined rollout of high quality and high-returning sites will deliver attractive returns and create significant value for shareholders. Retaining discipline in selecting the right sites – in terms of location, footprint and local market – is critical to maintaining the attractive 30% target Return on Invested Capital ('ROIC') that the Group's new site pipeline delivers. Further information about the progress we have made in 2024 is set out on page 22.

Broaden our growth

The successful execution of the first two components of the Next Chapter plan will create further options to 'Broaden our growth' for the longer term. We continue to make a strategic assessment of the longer term growth options which may include further developments to our existing proposition; format innovation; investigating new channels to market; and introducing new adjacent revenue streams to complement our existing business.

The Next Chapter growth plan aims to create significant value over the medium term.

Our initiatives under 'Strengthen the core' are already delivering like-for-like revenue growth – underpinned by both membership and yield increases. This growth is expected to, at least, offset like-for-like cost growth which, combined with tight control of Central Support Office costs, will drive sustained profit and cash generation, including sustaining maintenance capex at 5-6% of revenue. Profit growth and free cash flow generation will support and fund the disciplined opening of c.50 new sites over three years.

Strategic report

The Next Chapter growth plan continued

The principal risks relating to the Next Chapter growth plan are as follows:

Principal risk	Description and impact	Mitigations and controls	Strategic link
1 Operational gearing 	As we look to continue to narrow the pricing gap with competitors, we risk impacting the volume of members per gym	<ul style="list-style-type: none"> Regular monitoring of site performance Active price and retention management at site level Off-peak pricing provides access to a more affordable product 	Strengthen the core Accelerate rollout of quality sites
2 Trading environment 	The ongoing cost-of-living squeeze and economic and geopolitical uncertainty may cause financial hardship for our members	<ul style="list-style-type: none"> Monitoring of relative price positioning versus competitors Measures identified to reduce operating costs and discretionary spend Improved financial position with new bank facility agreement and strong cash generation 	Strengthen the core Accelerate rollout of quality sites
5 IT dependency 	Our ability to enrol and support members, carry out online marketing activity, process payments and control gym access and other services is dependent on the performance of our IT systems	<ul style="list-style-type: none"> Primary data systems hosted by specialist providers Primary IT infrastructure fully managed by specialist IT companies Robust disaster recovery and business continuity plans in place Strong internal technology team in place, supported by specialist IT resource providers Appropriate governance in place for all major technology projects 	Strengthen the core Accelerate rollout of quality sites Broaden our growth

See Principal risks and uncertainties on **pages 50 to 60**

Strategic report

Progress against The Next Chapter growth plan

Strengthen the core

This area has been an important focus for the management team in 2024. By focusing on the following drivers, we aim to deliver like-for-like growth in our mature estate: pricing and revenue management; improved member acquisition; and driving retention. Each of these represents a material revenue opportunity and supports our intention to drive up returns from our mature estate. We set a mid term target to deliver ROIC of 25% from our mature portfolio, from a base of 21%. We have already delivered this in the first year and see further opportunity to build on this momentum.

Pricing and revenue management

Strong gains from pricing and promotional initiatives, supported by three tier membership.

We continued to deliver growth in yield as a result of our data-driven pricing strategy and optimising promotions. We have narrowed the gap with our key low cost competitors on headline rates and joining fees, as well as repricing existing members whilst maintaining member volumes. The average difference to our primary low cost competitor in directly competing locations reduced from £2.06 in December 2023 to £1.45 in December 2024. We continue to offer outstanding value for money, and as a result have seen no increase in churn and continuing strength in our customer satisfaction measures.

After a full year of offering Off-peak memberships across the estate, we have made pricing more accessible and, as planned, protected volume whilst optimising pricing on our Standard and Ultimate memberships.

As at 31 December 2024, Off-peak accounted for 10.5% of our member base, in line with our expectations. The appeal of our Ultimate membership remained strong, and this accounted for 29.6% of our member base at the same point in time (31.3% at 30 June 2024 and 31.7% at 31 December 2023).



Price and promotions initiatives

New member pricing

Further narrowed the gap to competition in headline rates and joining fees, supported by three tier membership architecture

Member repricing

Identified profitable new ways to close the gap between new and existing members

Off-peak revenue

Off-peak pricing optimisation added volume and increased incrementality

Promotions innovation

Mix shifted towards less costly promotions and effectiveness significantly improved within existing and new mechanics

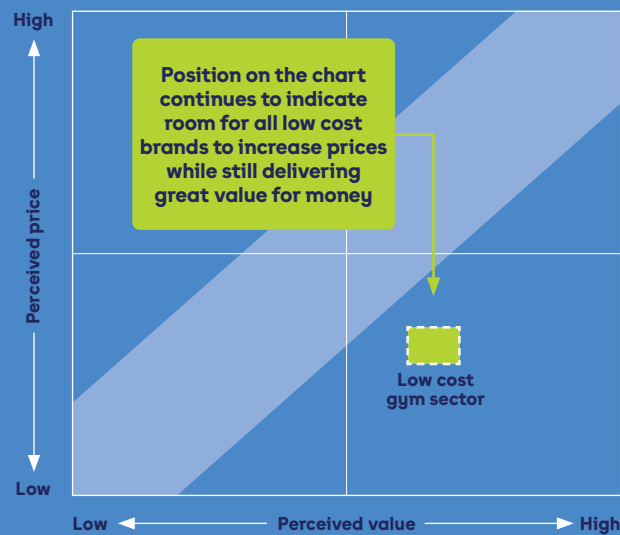
Strategic report

Progress against The Next Chapter growth plan continued

Strengthen the core

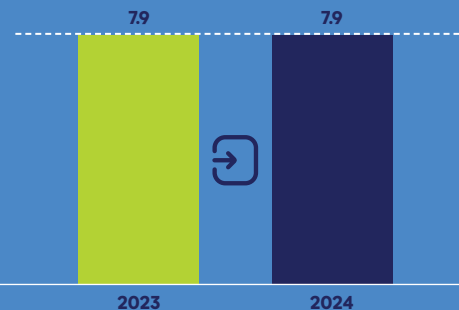
Continued opportunity to price ahead of inflation

Simon-Kucher Price/Value map¹



Value for money scores maintained in 2024, despite increasing prices

Value for money (0 to 10)



¹ Simon-Kucher, 2024 customer survey (updated August 2024).

Member acquisition

We are building momentum to drive marketing efficiencies and effectiveness, underpinned by digital testing and a focus on local marketing.

We have increased A/B testing to improve our understanding of customer acquisition costs vs member lifetime value. With investment in AdTech allowing us to tailor advertising to relevant geography and demographics, we have delivered a 10.5% reduction in the cost per acquisition as well as improvements in web conversion rates in 2024.

Marketing efficiency and effectiveness

Dynamic creative

Initial use of AdTech delivering benefits in marketing effectiveness, volume and revenue through more relevant content

Website conversion programme

A/B testing programme established and delivering revenue gains through conversion, product mix and add-ons

Marketing return on investment

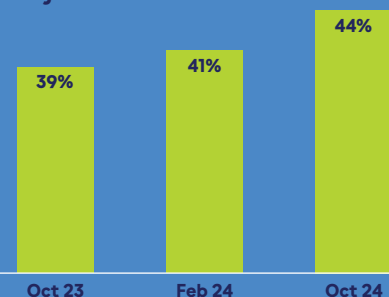
Up-weighting marketing investment towards sites with higher lifetime value and continuing to test returns on incremental marketing

Winning brand locally

Local focus in brand message and media strategy driving brand performance and local social (+102k Instagram reach H2 2024 YoY)

Marketing focus on 'winning locally' showing progress

Likelihood to join²



² Response to advertising creatives and campaigns across Sep/Oct 2023, Jan/Feb 24 and Sep/Oct 24. Source: The Nursery – 16-49 year old potential gym goers within 10 miles of a The Gym Group gym.

Member retention

The nature of our no contract membership means that relatively high rates of churn are built into our model. That said, increasing member retention and tenure has the potential to drive significant revenue upside, and a core part of our focus on retention is centred around 'early life' engagement with our members. The highest rate of churn is in the first 45 days of membership, before a habit has formed.

Initial retention initiatives gaining traction

Early life CRM

Built on H1 success in initial email engagement with segmentation by member demographic (+3.3% early life retention)

App upgrade

Range of new app features launched and gaining traction (+159k more members engaged with our Workouts Hub in H2 2024 YoY)

Acquire to retain

New promotions drive retention from the point of acquisition. Growing 'Saver' membership from small base (+2.3x 2024 YoY)

In-gym focus on new joiners

Increased staffing for new joiner peaks and improved availability and quality of inductions (+129% member inductions in 2024 YoY)



Sustainability in action: Using CRM to engage and motivate our members

"Our CRM team has been focusing on encouraging member visits and engagement through behavioural science-informed campaigns.

The messaging addresses common barriers to exercise and feeds into potential motivators.

We have completely revamped member onboarding and increased 'nudges to action' during the member lifecycle. As a result, we have seen an increase in the average tenure."



Catherine Allan | Head of CRM

Strategic report

Progress against The Next Chapter growth plan continued

Accelerate rollout of quality sites

A winning proposition in more locations nationwide.

We have refined our location analysis to identify high returning sites, using the data from our 100 best performing sites, with the aim of achieving an average ROIC of 30% across our new site openings. We doubled the rate of new openings in 2024 to 12 new gyms from six in 2023, funded from free cash flow. Eight of these were in Greater London.

Proven site performance criteria

-  Greater London and 'Urban Residential'
-  Areas with high population density
-  Convenient access
-  Good visibility/signage opportunities

New gym at Gillingham



We have also refined our approach to launching our new gyms, resulting in a more rapid ramping up of member volumes. Enhanced tailoring of marketing and gym product to local markets has resulted in all new sites performing ahead of historical maturity curves.

In addition, applying the 'Strengthen the core' approach across our estate has ensured that sites opened in 2022 and 2023 are also on track to deliver our 30% ROIC target.

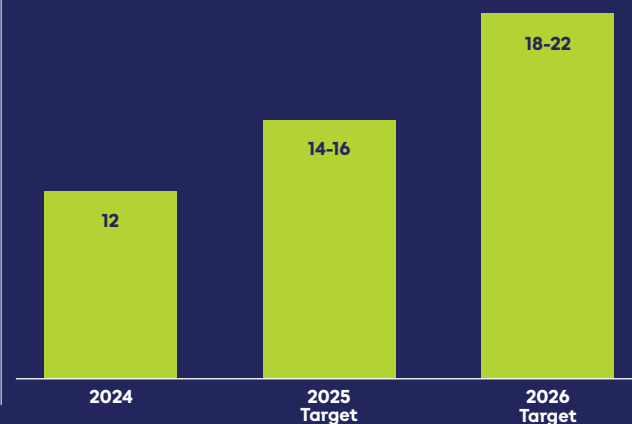
As well as supporting revenue in the mature estate, we continue to drive cost efficiency projects, enhancing new site returns as well as improving the performance of mature sites. These include refining the operating model, optimising energy usage and innovating in-build cost management.

As we continue to evolve our proposition in 2025, as well as delivering enhanced value through the upgrading of equipment and provision of additional products, we are also starting some work to refresh the look and feel of our gyms, within our existing capital expenditure budgets. This aims to give them a more contemporary and dynamic feel, increasing customer appeal.

We have a strong pipeline and plan to increase the number of gym openings in 2025 to 14-16 new sites, with a further acceleration in 2026, in line with our plan to open c.50 sites over three years.

New site openings by year

Targeting c.50 new sites over 3 years with an average 30% ROIC



Sustainability in action: Circular economy – Embodied carbon strategy

“As part of our commitment to decarbonisation across the business with a particular focus on Scope 3 activities and greenhouse gas emissions, we are developing a strategy to increase retention of key building elements along with the repurposing of existing materials and re-use of mechanical systems as part of our fit-out of new sites.

We adopted this approach in some sites opened in 2024: Welwyn Garden City (retention of existing air conditioning units); Gillingham (part retention of an existing steel framed mezzanine); and Euston Road (furniture for members' area fabricated from repurposed timber).

We continue to explore opportunities for driving circularity in both the fit-out and operation of our gyms through carbon-sensitive procurement in collaboration with our suppliers, through such schemes as Environmental Product Declarations ('EPDs') and closed-loop recycling.”

Jon Watts |
Project Manager

Looking ahead

Our near term focus will continue to be on delivering the first two components of our Next Chapter growth plan as there are significant opportunities remaining to deliver our growth targets, some of which will be unlocked by reinvestment in our technology platform.

In 2025, we will commence a programme of investment in our major technology and data platforms. This is focused on introducing a new set of market-leading business and member capabilities, accelerating the pace of innovation and creating a step change in operational performance, scalability and efficiency. We will be introducing new member management and payment capabilities and the implementation will be staged over the next two years to minimise any risks as we transition to new systems. We expect these developments to accelerate the already strong progress we are seeing from the Next Chapter growth plan.

Strategic report

Financial review

Strong performance

£22.9m

Operating profit
2023: £13.3m

£37.5m

Free cash flow¹
2023: £27.0m

£61.3m

Non-Property Net Debt¹
2023: £66.4m

¹ See page 167 for definition and cross-reference to reconciliation to statutory measure.



Presentation of results

This Financial review uses a combination of statutory and non-statutory measures to discuss performance in the year. The definitions of the non-statutory key performance indicators can be found in the 'Definition of non-statutory measures' section on page 167.

To assist stakeholders in understanding the financial performance of the Group, aid comparability between years and provide a clearer link between the Financial review and the consolidated financial statements, we have adopted a three-column format for presenting the Group income statement in which we separately disclose underlying trading and non-underlying items.

Non-underlying items are income or expenses that are material by their size and/or nature and are not considered to be incurred in the normal course of business. They are classified as non-underlying items on the face of the Group income statement within their relevant category. Further information about what has been included in non-underlying items can be found on page 28.

Summary financial information¹

	Year ended 31 December 2024	Year ended 31 December 2023	Movement
Total number of gyms at year end	245	233	+5%
Total number of members at year end ('000)	891	850	+5%
Revenue (£m)	226.3	204.0	+11%
Group Adjusted EBITDA (£m)	87.3	75.5	+16%
Group Adjusted EBITDA Less Normalised Rent (£m)	47.7	38.5	+24%
Adjusted Profit/(loss) before tax (£m)	3.6	(5.5)	+£9.1m
Statutory Profit/(loss) before tax (£m)	2.5	(8.3)	+£10.8m
Statutory Profit/(loss) after tax (£m)	4.4	(8.4)	+£12.8m
Net cash inflow from operating activities (£m)	95.1	79.5	+20%
Free cash flow (£m)	37.5	27.0	+39%
Non-Property Net Debt (£m) (as at year end)	(61.3)	(66.4)	Down by 8%
Adjusted Leverage	1.3	1.7	Down by 0.4x
Return on Invested Capital ('ROIC') on mature sites	25%	21%	+4 ppts

¹ Non-statutory measures are defined in the 'Definition of non-statutory measures' section on page 167.

Results for the year

	Year ended 31 December 2024			Year ended 31 December 2023		
	Underlying result £m	Non- underlying items £m	Total £m	Underlying result £m	Non- underlying items £m	Total £m
Revenue	226.3	–	226.3	204.0	–	204.0
Cost of sales	(2.9)	–	(2.9)	(2.8)	–	(2.8)
Gross profit	223.4	–	223.4	201.2	–	201.2
Other income	0.1	–	0.1	0.3	–	0.3
Operating expenses (before depreciation, amortisation and impairment)	(139.6)	(0.4)	(140.0)	(128.4)	(1.5)	(129.9)
Depreciation, amortisation and impairment	(60.1)	(0.5)	(60.6)	(57.5)	(0.8)	(58.3)
Operating profit	23.8	(0.9)	22.9	15.6	(2.3)	13.3
Finance costs	(20.7)	(0.2)	(20.9)	(21.4)	(0.5)	(21.9)
Finance income	0.5	–	0.5	0.3	–	0.3
Profit/(loss) before tax	3.6	(1.1)	2.5	(5.5)	(2.8)	(8.3)
Tax credit/(charge)	1.8	0.1	1.9	(0.6)	0.5	(0.1)
Profit/(loss) for the year attributable to shareholders	5.4	(1.0)	4.4	(6.1)	(2.3)	(8.4)
Earnings/(loss) per share (p)						
Basic	3.0	–	2.5	(3.4)	–	(4.7)
Diluted	2.9	–	2.4	(3.4)	–	(4.7)

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Financial review continued**Revenue**

Trading in 2024 was strong despite the ongoing cost-of-living pressures on consumers, demonstrating the continued resilience of the low cost gym model and the early success of the Next Chapter growth plan. Revenue increased by 11% to £226.3m (2023: £204.0m), reflecting 4% higher average membership numbers throughout the year and a 7% increase in yield.

The average membership number in the year was 906,000 compared with 872,000 in the prior year; and we closed the year with 891,000 members which was up 5% on 31 December 2023.

The average headline price of a Standard membership increased to £24.53 in December 2024 compared with £23.16 in December 2023, largely as a result of higher joining fees and price increases for new members. During the year, we also did some selective repricing of the base membership. As a result, Average Revenue Per Member Per Month ('ARPM') in 2024 was up 7% to £20.81 compared with £19.50 in 2023. The proportion of members taking our premium membership was 29.6% in December 2024 compared with 31.7% in December 2023.

Like-for-like revenue (based on all sites open as at 31 December 2021) increased by 7% year on year.

Cost of sales

Cost of sales, which includes the costs associated with the generation of ancillary income as well as call centre costs and payment processing costs, were broadly in line with the prior year at £2.9m (2023: £2.8m).

Underlying operating expenses (before depreciation, amortisation and impairment)

Underlying operating expenses (before depreciation, amortisation and impairment) are made up as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Site costs before Normalised Rent	109.7	105.0
Site Normalised Rent	39.2	36.6
Site costs including Normalised Rent	148.9	141.6
Central Support Office costs	26.5	21.0
Central Support Office Normalised Rent	0.4	0.4
Central Support Office costs including Normalised Rent	26.9	21.4
Share based payments	3.4	2.4
	179.2	165.4
Less: Normalised Rent	(39.6)	(37.0)
Underlying operating expenses (before depreciation, amortisation and impairment)	139.6	128.4

Site costs including Normalised Rent

In 2024, site costs including Normalised Rent increased by 5% to £148.9m (2023: £141.6m).

The fixed costs associated with running the sites (predominantly building rates and service charges) decreased by £0.2m year on year as one-off benefits and refunds from historic rates challenges more than offset the effect of the increased estate size and the full year impact of inflationary increases in building rates costs (three year assessment period starting April 2023).

Controllable site costs increased by £4.9m as the impact of inflationary pay increases (on both staff costs and cleaning), and increased marketing spend to drive volume, were partially offset by the normalisation of utilities prices. Other increases in controllable costs predominantly reflect the larger estate size and continued technology investment.

Site Normalised Rent, which is defined as the contractual rent payable, recognised in the monthly period to which it relates, increased by £2.6m in the year, again reflecting the larger estate size.

Central Support Office costs including Normalised Rent

Central Support Office costs excluding Normalised Rent increased in the year by £5.5m to £26.5m (2023: £21.0m), reflecting an increase in headcount to deliver the Next Chapter growth plan, pay inflation and increased variable pay accruals as a result of the strong trading performance. Central Normalised Rent remained flat at £0.4m.

Share based payments

The charge for share based payments (including related employer's national insurance) in the year amounted to £3.4m (2023: £2.4m), reflecting the stronger trading performance and share price growth. In January 2024, the Group established an Employee Benefit Trust ('EBT') to purchase shares in order to minimise dilution associated with the share based payments. During the year, 2,834,928 shares were purchased at a cost of £3.5m.

Underlying depreciation and amortisation

Underlying depreciation and amortisation charges in the year amounted to £60.1m (2023: £57.5m), made up of £24.6m (2023: £24.0m) on property, plant and equipment, £29.4m (2023: £28.0m) on right-of-use assets, and £6.1m (2023: £5.5m) on intangible assets. The increases year on year reflect the larger estate and the continued investment in technology.

Group Adjusted EBITDA Less Normalised Rent

The Group's key profit metric is Group Adjusted EBITDA Less Normalised Rent as the Directors believe that this measure best reflects the underlying profitability of the business. Group Adjusted EBITDA Less Normalised Rent is reconciled to Operating profit/(loss) as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Operating profit	22.9	13.3
Non-underlying operating items (see page 28)	0.9	2.3
Share based payments	3.4	2.4
Underlying depreciation and amortisation	60.1	57.5
Group Adjusted EBITDA	87.3	75.5
Normalised Rent ²	(39.6)	(37.0)
Group Adjusted EBITDA Less Normalised Rent	47.7	38.5

² Normalised Rent is the contractual rent payable, recognised in the monthly period to which it relates.

Group Adjusted EBITDA Less Normalised Rent was 24% ahead of the prior year at £47.7m (2023: £38.5m), as the strong trading and increased revenue was complemented by tight control of operating costs. This in turn drove a four percentage point increase in the Return on Invested Capital ('ROIC') of mature sites, increasing from 21% in FY23 to 25% in FY24 (27% after excluding 13 workforce-dependent gyms³).

Underlying finance costs

Underlying finance costs decreased in the year by £0.7m to £20.7m (2023: £21.4m). The finance costs associated with our bank borrowings (comprising interest payable and fee amortisation less capitalised interest) decreased by £0.7m to £5.2m (2023: £5.9m), reflecting the lower average net debt throughout the year. The weighted average interest rate applicable to the Group's bank borrowings during 2024 was 8.2% (2023: 8.2%).

The implied interest relating to the lease liabilities was £15.5m (2023: £15.5m) as the impact of additional property leases due to the increased estate was offset by a reduction in non-property leases.

Strategic report

Financial review continued

Non-underlying items

Non-underlying items are costs or income which the Directors believe, due to their size or nature, are not the result of normal operating performance. They are therefore separately disclosed on the face of the income statement to allow a more comparable view of underlying trading performance.

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Affecting operating expenses (before depreciation, amortisation and impairment)		
Costs of major strategic projects and investments	0.2	0.9
Restructuring and reorganisation costs (including site closures)	0.2	0.6
	0.4	1.5
Affecting depreciation, amortisation and impairment		
Impairment of property, plant and equipment, right-of-use assets and intangible assets	0.4	0.6
Amortisation of business combination intangible assets	0.1	0.2
	0.5	0.8
Affecting finance costs		
Refinancing costs and remeasurement of borrowings	0.2	0.5
	0.2	0.5
Total all non-underlying items before tax	1.1	2.8
Tax on non-underlying items	(0.1)	(0.5)
Total non-underlying charge in income statement	1.0	2.3

Non-underlying items affecting operating expenses (before depreciation, amortisation and impairment) reduced in the year to £0.4m (2023: £1.5m) and relate to costs incurred in the year on strategic technology projects, as well as a provision for the closure costs of one gym in 2025.

Non-underlying costs affecting depreciation, amortisation and impairment in the year amounted to £0.5m (2023: £0.8m), of which £0.4m (2023: £0.6m) relate to the impairment of one site (2023: two sites). The remaining £0.1m (2023: £0.2m) of non-underlying costs affecting depreciation, amortisation and impairment relates to the amortisation of business combination intangibles acquired as part of the Lifestyle, easyGym and Fitness First acquisitions.

Non-underlying items affecting finance costs amounted to £0.2m (2023: £0.5m) and relate to advisory and legal costs incurred in agreeing the Group's new banking facilities in June 2024.

Taxation

The tax credit for the year was £1.9m (2023: charge of £0.1m) and results from the recognition of additional deferred tax assets.

The net deferred tax asset recognised at 31 December 2024 was £18.2m (31 December 2023: £16.3m). Deferred tax assets are recognised in respect of those tax losses and other temporary differences only to the extent it is considered probable that the assets will be recoverable. This involves an assessment of when those assets are likely to be recovered, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets.

A deferred tax asset of £12.1m (2023: £11.1m) has been recognised in respect of trading losses. The trading losses were incurred as a result of the Covid-19 pandemic and the subsequent cost-of-living crisis, together with the introduction in March 2021 of the temporary enhanced capital allowances regime (the 'super-deduction tax break').

Losses for which no deferred tax asset has been recognised amount to £16.1m (2023: £23.0m), resulting in an unrecognised deferred tax asset of £4.0m (2023: £5.8m) using a 25% tax rate. There is no time limit for utilising trade losses in the UK.

Earnings

As a result of the factors discussed above, the statutory profit before tax was £2.5m (2023: loss of £8.3m) and the statutory profit after tax was £4.4m (2023: loss of £8.4m).

Adjusted profit/(loss) before tax is calculated by taking the statutory profit/(loss) before tax and adding back the non-underlying items. Adjusted profit before tax in 2024 was £3.6m (2023: loss of £5.5m). Adjusted profit after tax was £5.4m (2023: loss of £6.1m).

The basic and diluted earnings per share was 2.5p and 2.4p respectively (2023: basic and diluted loss per share of 4.7p), and the adjusted basic and diluted earnings per share was 3.0p and 2.9p respectively (2023: adjusted basic and diluted loss per share of 3.4p).

Dividend

We are a growth company, in a growth market, with a clear capital allocation policy. Whilst dividends and other returns of capital to shareholders will be considered by the Directors in the future, we are not proposing a dividend for the current year as we continue to see significant opportunities, with attractive returns, to invest our free cash flow in growing the business.

Cash flow

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Group Adjusted EBITDA Less Normalised Rent	47.7	38.5
Movement in working capital	8.7	5.0
Maintenance and enhancement capital expenditure	(12.2)	(10.3)
Free cash flow before non-underlying items, interest and tax	44.2	33.2
Non-underlying items	(0.9)	(1.0)
Net interest paid	(5.8)	(5.2)
Taxation	-	-
Free cash flow⁴	37.5	27.0
Expansionary capital expenditure	(27.8)	(16.4)
Refinancing fees	(0.8)	(1.0)
Purchase of own shares by EBT	(3.5)	-
Net cost of share schemes settlement	(0.3)	-
Cash flow before movement in debt	5.1	9.6
Net decrease in non-property lease indebtedness	(5.6)	(2.5)
Net drawdown/(repayment) of borrowings	2.0	(11.0)
Net cash flow	1.5	(3.9)

⁴ A reconciliation of net cash inflow from operating activities to free cash flow has been included in Note 23 to the consolidated financial statements.

Free cash flow generated in the year was £37.5m (2023: £27.0m). The increase year on year is largely due to the strong trading performance and higher working capital inflows, driven partly by short term timing differences on payments and receipts. Maintenance and enhancement capital expenditure increased in the year by £1.9m to £12.2m, reflecting the larger estate as well as expenditure on kit enhancements and refurbishments in a number of gyms.

Expansionary capital expenditure in the year amounted to £27.8m (2023: £16.4m) and relates to the fit-out of the 12 new gyms we opened as well as continued investment in technology and data.

As noted earlier, in January 2024, the Group established an Employee Benefit Trust ('EBT') to purchase shares in order to minimise dilution associated with the share based payments. During the year, the EBT purchased 2,834,928 shares at a cost of £3.5m.



Strategic report

Financial review continued**Balance sheet and net debt**

	At 31 December 2024 £m	At 31 December 2023 £m
Non-current assets	573.1	558.5
Current assets	12.5	13.0
Current liabilities	(77.6)	(72.3)
Net current liabilities	(65.1)	(59.3)
Non-current liabilities	(376.4)	(371.2)
Net assets	131.6	128.0
Net debt	(61.3)	(66.4)

At 31 December 2024, non-current assets increased by £14.6m as a result of software and property, plant and equipment additions and an increase in the carrying value of deferred tax assets.

Net current liabilities at 31 December 2024 increased by £5.8m, reflecting higher trade and other payables.

Non-current liabilities increased by £5.2m, as the recognition of lease liabilities in relation to new sites more than offset payments made in relation to existing leases.

As at 31 December 2024, the Group had Non-Property Net Debt of £61.3m (31 December 2023: £66.4m) comprising drawn facilities of £61.0m and non-property leases of £3.3m, less cash of £3.0m. The Directors believe that this measure of net debt best reflects the financial health of the business. In addition, it is a key constituent of the Adjusted Leverage covenant included in the Group's banking agreement. At 31 December 2024, Adjusted Leverage was 1.3 times (December 2023: 1.7 times), significantly below the banking covenant threshold of 3.0 times; and Fixed Charge Cover was 1.9 times (December 2023: 1.7 times).

New banking facilities agreement

In June 2024, the Group entered into a new facilities agreement with the same banking syndicate, which came into effect on 1 July 2024. Under the new agreement, the Group has in place a combined £90m facility, consisting of £45m of Term Loan and £45m of RCF. The new facility is due to mature in June 2027 but includes two one-year extension options.

Funds borrowed under the new facility agreement bear interest at a minimum annual rate of 2.75% (was 2.85%) above the Sterling Overnight Index Average ('SONIA'); and undrawn funds under the RCF bear interest at a minimum annual rate of 1.1% (was 1.14%).

The new facilities agreement continues to be subject to quarterly financial covenant tests on Adjusted Leverage and Fixed Charge Cover (both terms defined on page 167). Adjusted Leverage must not exceed 3.0 times and the Fixed Charge Cover must be greater than 1.5 times.

Terms permit the distribution of surplus cash flow to shareholders in line with our capital allocation policy, which prioritises organic growth.

Going concern

The Board has reviewed the financial plan and downside scenarios of the Group and has a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 June 2026. As a result, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements. In making this assessment, consideration has been given to the current and future expected trading performance; the Group's current and forecast liquidity position; and the mitigating actions that can be deployed in the event of reasonable downside scenarios. Further detail is provided in Note 2 to the consolidated financial statements.

Current trading and outlook

Trading in the first two months of the new financial year shows continued positive momentum. Revenue after two months has grown by 8% year on year, reflecting a 4% increase in average members and 4% yield growth. Like-for-like revenue for the two months was up 3%, driven largely by price increases implemented at the start of 2025. Membership at the end of February 2025 was 951,000, up 7% versus the end of 2024.

We expect like-for-like revenue in 2025 to increase by c.3% overall. Like-for-like cost growth is expected to be c.2%, as higher employee costs (from a combination of higher national insurance contributions and National Living Wage) are partially offset by utility rate reductions and cost optimisation initiatives. As a result, we now expect that FY25 Group Adjusted EBITDA Less Normalised Rent will be at the top end of the recently revised analyst forecast range of £49.0m-£50.8m⁵.

We also expect to incur c.£3m of non-underlying costs in 2025 in relation to the investment in the Group's member management and payments systems.

We plan to open 14-16 sites in 2025, with all new sites continuing to be financed from free cash flow. As a result, Adjusted Leverage is expected to remain below 1.5 times.

Luke Tait

Chief Financial Officer

12 March 2025

Strategic report

Key performance indicators

Positive momentum continues

We use a number of non-financial and financial key performance indicators ('KPIs') to measure our performance over time. We select KPIs that demonstrate the operational and financial performance underpinning our strategic goals.

Non-financial

Total number of gyms

+12 sites



Definition
Number of gyms open at the end of the year.

Link to strategic goals
Accelerate rollout of quality sites

2024 performance
We opened 12 new gyms during 2024, taking the total number of gyms at 31 December 2024 to 245. All the new gyms are located in Greater London and urban residential areas where we have historically seen the best returns.

Total number of members ('000)

+5%



Definition
Total gym memberships at the end of the year.

Link to strategic goals
Strengthen the core – Member acquisition
Strengthen the core – Member retention
Accelerate rollout of quality sites

2024 performance
We closed the year with 891,000 members, an increase of 5% year on year. The increase reflects the full year impact of sites opened in 2023 as well as the incremental volume from new sites opened in 2024. See the Financial review on pages 24 to 31 for further details.

Average Revenue per Member per Month ('ARPM') £¹

+7%



Definition
Revenue divided by the average number of members divided by the number of months in the period.

Link to strategic goals
Strengthen the core – Price and revenue management

2024 performance
ARPM increased by 7% in 2024, driven by an increase in the average headline price of a Standard membership of £1.37 as well as some selective repricing of the membership base. See the Financial review on pages 24 to 31 for further details.

Members that visit 4+ times in a month %²

+120 bps



Definition
The percentage of total members that have visited the gym four or more times in a month calculated as a rolling 12 month average. See footnote 2 below for more details.

Link to strategic goals
Strengthen the core – Member retention

2024 performance
The percentage of members visiting the gym 4+ times per month has increased again in 2024, demonstrating that members continue to get significant value from their gym membership. Research shows that people who visit the gyms 4+ times per month are also more likely to continue their membership and gain significant health benefits from it which, in turn, drives increased Social Value. See the Sustainability report on pages 34 to 45 for further details.

Employee engagement score³

+50 bps



Definition
A measure of how committed and enthusiastic employees are about their work and the organisation.

We use four engagement categories (Engagement, Belief, Loyalty, Satisfaction) to calculate a score on a 0-10 scale, and all responses are averaged out to give a score out of 10.

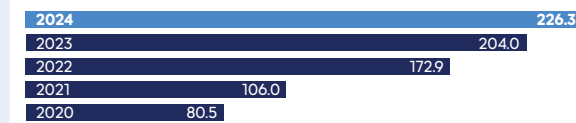
Link to strategic goals
Strengthen the core
Accelerate rollout of quality sites
Broaden our growth

2024 performance
In 2024, we improved our employee engagement score to 9 out of 10, with a 92% completion rate, meaning we now rank in the top 5% of consumer services businesses included in the Peakon benchmark for overall engagement. We improved across all 14 engagement drivers, with our teams highlighting excellent management support, clear objectives (goal setting), and peer relationships. Regular communications about the Next Chapter growth plan also led to significant improvements in our team alignment and understanding of the business strategy.

Financial

Revenue £m

+11%



Definition
Revenue is generated from membership fees, non-refundable joining fees, rental income from personal trainers and other ancillary services, including the sale of goods through vending machines, advertising through the use of media screens and the sale of day memberships.

Link to strategic goals
Strengthen the core – Price and revenue management
Strengthen the core – Member acquisition
Strengthen the core – Member retention
Accelerate rollout of quality sites

2024 performance
Revenue for the year increased by 11%, with average members up 4% to 906,000 (2023: 872,000) and ARPM up 7% to £20.81 (2023: £19.50). Like-for-like revenue grew 7% year on year. See the Financial review on pages 24 to 31 for further details.

Group Adjusted EBITDA Less Normalised Rent £m

+24%



Definition
Operating profit before depreciation, amortisation, long term employee incentive costs and non-underlying items and after deducting Normalised Rent. Normalised Rent is the contractual rent payable, recognised in the monthly period to which it relates.

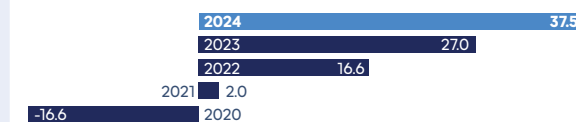
See page 27 for a reconciliation to Operating profit.

Link to strategic goals
Strengthen the core – Price and revenue management
Strengthen the core – Member acquisition
Strengthen the core – Member retention
Accelerate rollout of quality sites

2024 performance
Group Adjusted EBITDA less Normalised Rent increased by 24% in the year as the strong trading performance and increased revenue was complemented by tight control of operating costs.

Free Cash Flow £m

+39%



Definition
Group Adjusted EBITDA Less Normalised Rent and movement in working capital, less maintenance capital expenditure, cash non-underlying items, bank and non-property lease interest and tax.

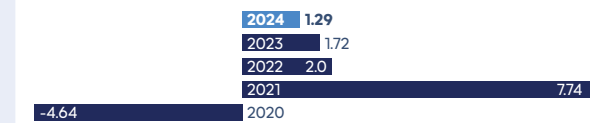
See Note 23 to the consolidated financial statements for a reconciliation to Net Cash Inflow From Operating Activities.

Link to strategic goals
Strengthen the core – Price and revenue management
Strengthen the core – Member acquisition
Strengthen the core – Member retention
Accelerate rollout of quality sites

2024 performance
Free Cash Flow increased by 39% to £37.5m, reflecting the strong trading performance and higher working capital inflows, offset partly by increased maintenance and enhancement capital expenditure. See the Financial review on pages 24 to 31 for further details.

Adjusted Leverage x

improved by **0.43x**



Definition
Non-Property Net Debt as a proportion of Group Adjusted EBITDA Less Normalised Rent.

Non-Property Net Debt is defined as bank and non-property lease debt less cash and cash equivalents and is the leverage measure used in the Group's banking covenants.

Link to strategic goals
Strengthen the core – Price and revenue management
Strengthen the core – Member acquisition
Strengthen the core – Member retention
Accelerate rollout of quality sites

2024 performance
Adjusted Leverage improved in the year, reflecting the improved trading performance. See the Financial review on pages 24 to 31 for further details.

Return on Invested Capital ('ROIC') (%)^{1,4}

+400 bps



Definition
Group Adjusted EBITDA Less Normalised Rent contributed by mature sites, divided by total capital initially invested in the mature sites (after capital contributions and rent free amounts). Mature sites are defined as those sites that have been open for 24 months or more at the period end and exclude acquisition sites.

See page 166 for the number of mature sites and Group Adjusted EBITDA Less Normalised Rent contributed by mature sites.

Link to strategic goals
Strengthen the core – Price and revenue management
Strengthen the core – Member acquisition
Strengthen the core – Member retention
Accelerate rollout of quality sites

2024 performance
Return on Invested Capital of mature sites increased by 400 bps in the year as a result of strong delivery against the 'Strengthen the core' element of our Next Chapter growth plan.

See Financial review on pages 24 to 31

1 In order to provide better year on year comparability for ARPM and ROIC, the figures presented for 2021 and 2020 have been adjusted to exclude the impact of UK Government-enforced closure periods as a result of the Covid-19 pandemic.

2 The figures for 4+ visits for 2023 and earlier have been restated to include like-for-like sites only and to exclude Saver members, members on freeze and members who have joined in a gym's pre-opening period to ensure comparability across periods. Further adjustments and restatements may occur in 2025 as we continue to refine this KPI.

3 In 2023, we changed the way we measure employee engagement. We partnered with Peakon, an engagement specialist, and adopted a more accurate and comprehensive approach using a 0-10 scale rating system, moving away from a percentage score. Due to the change in methodology, a precise comparison to 2022 and prior cannot be made. These are therefore included for indicative purposes only.

4 ROIC for 2023 and earlier has been restated to deduct the value of rent free amounts from the capital initially invested.

Strategic report

Sustainability report

Our mission is to provide everyone with the opportunity to start their journey towards a fitter, healthier and happier life.



John Treharne founded The Gym Group with a mission to make fitness accessible to everyone. He envisaged a safe and inclusive space for people to live happier, healthier lives. Delivering on this founding purpose of breaking down barriers to fitness for all is our passion. As a result, sustainability is authentically built into the DNA of The Gym Group, with an understanding across the business that strong execution of all our sustainability plans naturally supports our commercial performance.

Our sustainability strategy is based on the principle of supporting healthy people, healthy communities and a healthy planet.

Its five key pillars – identified through our materiality assessment and embodied in our strategic framework – enable us to focus our efforts on addressing the most significant environmental, social and governance impacts, ensuring alignment with stakeholder priorities.

Progress in 2024

As a trailblazer in climate action, Social Value and health and safety, we take pride in leading the way across the fitness industry. We are honoured to be the first global gym chain with a net zero target verified by the Science Based Targets initiative (‘SBTi’). Our dedication to Social Value and health and safety is reflected in our status as the UK’s first private gym chain to report on Social Value and achieve ISO 45001 certification – a globally recognised health and safety management benchmark.

Moreover, our 2024 attainment of Level 4 FITcert highlights our unwavering commitment to excellence, continual improvement and ensuring a secure and welcoming environment for our customers.

We recognise the importance of gender equality and have set ambitious targets for achieving gender balance within our Company. Whilst we acknowledge that we are currently not on track to meet this objective as planned, it is a critical component of our broader sustainability goals, and we are committed to taking meaningful action to address this gap (page 40).

As members of ukactive and EuropeActive, we support knowledge sharing across the sector, using our experience to ensure that effective strategies to enhance sustainability are available to more businesses.

	2023	2024	Progress	Key actions
Good health and wellbeing Increasing the percentage of members visiting our gyms 4+ times per month ¹ Delivering at least £900m in Social Value	52.3%	53.5%	✓	<ul style="list-style-type: none"> Partnered with behavioural scientists to launch a campaign driving member visits. Secured FITcert Level 4 certification, ensuring top tier operational standards.
	£890m	£962m	✓	
Good jobs, high quality education and lifelong learning Supporting 500 people to gain Level 3 Personal Trainer qualification by 2030 Achieving a minimum 60% internal promotion rate by end of 2025 amongst operational staff	38	105	↗	<ul style="list-style-type: none"> Established The Gym Group Academy to fuel industry-leading talent development. Expanded the ‘Fitness Trainer to Manager’ Emerging Talent Programme. Developed 79 future fitness trainers through the Accelerate PT initiative, boosting Level 3 qualifications.
	44.0%	58.1%	↗	
Diversity and equal opportunity 50/50 gender balance by 2030 40% female senior leaders by 2025 20% leaders of ethnically diverse origin by 2030	31.4%	31.4%	↘	<ul style="list-style-type: none"> Accelerated female development with ‘Women in Leadership’ and ‘Empower’ programmes. Invested in employee networks and piloted enhanced maternity coaching. Delivered an ethnic reverse mentoring scheme, elevating diverse voices across the business.
	30.9%	29.9%	↘	
	12.5%	13.8%	↗	
Responsibility to the environment Near term targets 50% reduction in Scope 1 and 2 emissions by 2030 Reduce Scope 3 emissions per gym by 55% by 2030	-3.4%	-2.2%	↗	<ul style="list-style-type: none"> Deployed 95 voltage optimisation units to cut energy use. Developed a robust Scope 1 transition plan. Tightened supplier contracts with stricter environmental reporting standards.
	-35.8%	-29.3%	↗	
Data security and privacy 100% GDPR and cyber security training completion rate	no data	98.8%	✗	<ul style="list-style-type: none"> Rolled out new cyber security training module for enhanced digital protection. Hosted Compliance Week, driving mandatory training completion rates.

Key:

- ✓ Achieved
- ↗ On track
- ↘ Not on track
- ✗ Missed target

¹ The figure for 4+ visits for 2023 has been restated to include like-for-like sites only and to exclude Saver members, members on freeze and members who have joined in a gym’s pre-opening period.

Strategic report
Sustainability report *continued*

Good health and wellbeing

Link to the SDG



Physical exercise is fundamental to a healthy lifestyle, offering significant physiological benefits and a proven positive impact on mental wellbeing and life satisfaction. According to the World Health Organisation ('WHO'), regular exercise can reduce the risk of chronic diseases, improve mental health and increase life expectancy. In a world where stress and health issues are rising, the importance of exercise in promoting health and wellbeing has never been clearer.

See Progress against the Next Chapter growth plan on pages 19 to 23



At our annual employee conference, we celebrated a year of partnering with NHS Charities Together, a national charity with whom we share a mission to support healthier and fitter communities. In collaboration, our teams and members exceeded our £100,000 fundraising target, with The Gym Group Games events and in-gym fundraising activities providing opportunities to spread awareness of the charity's work. Our gyms are paired with 112 local NHS charities, creating employee volunteering and fundraising opportunities to drive national impact at a local level.

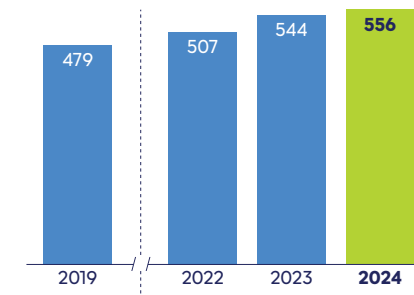
Supporting and protecting the health and wellbeing of our members as they progress on their fitness journey is central to our business and our purpose. We demonstrate this through our ISO 45001 occupational health and safety management system certification, innovative digital solutions and strong crisis management oversight. In 2024, we achieved industry-leading milestones, including receiving the Royal Society for the Prevention of Accidents ('RoSPA') Gold Award.

Measuring our social impact

The Social Value Model, created by Sheffield Hallam University and outlined on our website, focuses on member participation and the health benefits of regular exercise. It calculates the financial value resulting from reduced GP visits, enhanced life satisfaction, personal development, and the growth of social and community connections.

We are delighted to have surpassed our goal of generating £900 million in Social Value by 2025, achieving this milestone in 2024. Our contribution this year equated to £556 per member, up from £544 in 2023. This success is fuelled by both rising membership numbers and record engagement, with 53.5% of members visiting our gyms at least four times per month, compared to 52.3%¹ in 2023. Looking to 2025, we will continue to drive value for our members and communities through initiatives focused on further supporting member activity levels and engagement in our gyms.

Social Value/member £



Sustainability in action: Member visits

"To ensure members visit our gyms regularly and maximise the benefits of their memberships, we have reviewed the impact we can have in the gym on member visits. Encouraging and motivating our new members has a positive impact on developing exercise habits and increasing gym attendance. Our teams have therefore been working on identifying and interacting with new members, encouraging fitness product participation and helping to arrange their next workouts.

To support this initiative, we have optimised staffing during peak times and increased the capacity of inductions and classes."

Rob Neave |
Cluster General Manager

Driving safety and operational excellence at our gyms

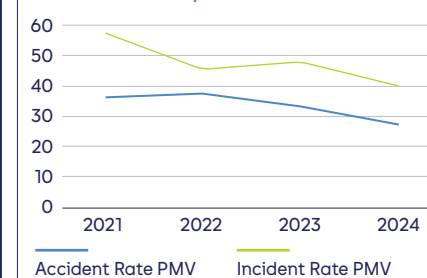
Protecting the health and safety of our members and employees is a key priority for us. Our mature health and safety management system is built around digital solutions for risk management and training. Moreover, our robust strategic and operational crisis management plans are overseen by our Sustainability Committee, ensuring strong oversight and accountability.

In 2024, we elevated our position with EuropeActive's FITcert[®] scheme and the new European standard for fitness centres, EN 17229, by becoming the UK's first 24-hour gym chain to achieve Level 4 certification. This further demonstrates our commitment to quality, safety and overall member experience.

Our work on standardisation has had a material impact on our accident and incident rates. These successes are driven by improved awareness of health and safety standards and enhanced processes across our gyms. Notably, we upgraded our digital learning product, Gym Safe, to include additional safeguarding training.

We continued to maintain positive relationships with local authorities through our Primary Authority partnerships with Wakefield Council (health, safety and environmental) and East Sussex Fire and Rescue (fire safety). We proactively engaged with both partners to standardise our approach for key risk areas, ensuring alignment with legislative frameworks and industry best practice.

Accident and incident rates per million visits, 2021 to 2024



Alan joined The Gym Group Hamilton over 10 years ago with the goal of keeping fit, considering a history of heart conditions in his family. In May 2024, while at the gym, Alan became unwell and lay down on the matted area. Two fellow members noticed his distress and rushed to assist.

Gym employees, Craig and Chloe, quickly joined to assess the situation. Realising Alan wasn't breathing, they called for help, began CPR and used the on-site defibrillator to treat Alan before paramedics arrived. By the time Alan was taken to hospital, he had a pulse and was breathing again.

Reflecting on the experience, Alan shared: "I had been going to the gym at least 4-5 times a week. The cardiac arrest could have happened anywhere, but the fact that it happened in the gym with required equipment and support to hand saved my life. The community spirit at The Gym Group is fantastic, and I realised that people do actually care."

Now fully recovered, Alan continues to visit the gym frequently. He says: "My swift recovery is thanks to my regular workouts – good heart health has never been more important to me. I have become more considered in how I exercise, monitoring my heart rate regularly."

Alan |
Member of The Gym Group, Hamilton



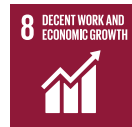
¹ The figure for 4+ visits for 2023 has been restated to include like-for-like sites only and to exclude Saver members, members on freeze and members who have joined in a gym's pre-opening period.

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Strategic report
Sustainability report **continued**

Good jobs, high quality education and lifelong learning

Link to the SDGs



Supporting our people into great jobs and providing career opportunities through high quality education is essential to our success and the achievement of our strategic objectives. We provide clear paths for career growth and a nurturing environment enabling our teams to reach their potential.

See Progress against the Next Chapter growth plan on **pages 19 to 23**



We prioritise employee engagement to drive business performance and, alongside our career development programmes, we deliver a range of learning opportunities to enhance our teams' leadership capabilities, professional skills and personal growth.

In 2024, we emphasised creating early career pathways into fitness through the ongoing rollout of our Accelerate PT employability programme and the launch of The Gym Group Academy. Our Emerging Talent management development programmes also continued providing their participants with career-building skills.

Creating career opportunities: Accelerate PT

Our Accelerate PT framework supports job seekers starting careers in fitness by providing a Level 3 Personal Training qualification alongside employability skills such as interview techniques and work experience. In 2024, in partnership with the Department for Work and Pensions, The Prince's Trust and Shaw Trust, we delivered four cohorts of our Accelerate PT programme. We offered opportunities to 79 trainees, with 73% successfully gaining their Level 3 qualification and 58% of those securing roles within our gyms. Accelerate PT plays a key role in our commitment to supporting 500 people to achieve a Level 3 Personal Training qualification by 2030.

Training for gym members: The Gym Group Academy

In partnership with two CIMSPA enhanced status training providers, we launched The Gym Group Academy in 2024 to provide opportunities for our gym members to become Level 3 qualified Personal Trainers. It was introduced in September as a six-month pilot to gauge the demand among members.

Early indications suggest strong interest, with 132 learners enrolling in the programme to become qualified Level 3 Personal Trainers. We are proud that 85% of people who completed their qualification have secured permanent roles within our gyms. We will review the pilot in 2025 to assess its feasibility for a full rollout.

Career progression: Emerging Talent

Throughout the year, we delivered four cohorts of our Emerging Talent management development programmes. The programme gives Assistant General Managers and Fitness Trainers the essential skills to advance their careers, covering topics such as sales, stakeholder management, member service and practical people management.

Although lower than in 2023, we continue to achieve good employee promotion rates among our programme graduates, supporting our internal progression rate target. We expect these figures to grow as new opportunities arise.

47%
promotion rate – Emerging Talent management development programme

30%
promotion rate – Emerging Talent Fitness Trainer programme

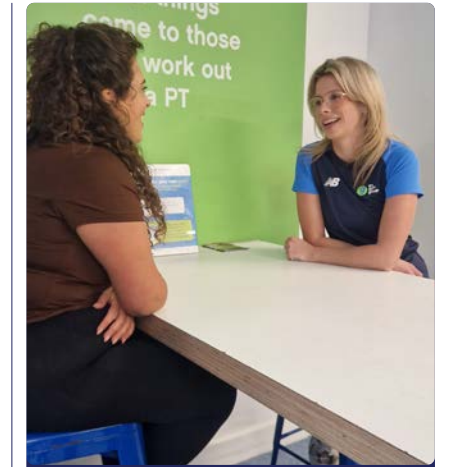
Alongside these core programmes, we continued to deliver various learning opportunities to upskill our teams. For operational managers, we delivered Discovery Insights profiling and workshops on conflict resolution and the Chimp Paradox framework to improve self-awareness, coaching, and leadership skills. For senior leaders, we focused on sessions to drive performance, commerciality and accountability. We also implemented core skills training in areas such as PowerPoint, Excel and data analysis to enhance our Gym Support teams' confidence and capabilities.

Lastly, we digitalised our 'Coaching for Performance' framework, driving improvements in our talent mapping and reporting capabilities. This has enabled us to target development for our high performing employees and identify our talent pipelines and succession pools.

Leaders in employee engagement

In 2023, we launched our new employee engagement survey, enhancing our employee feedback channels, insights into their experiences and benchmarking capabilities. We are thrilled that employee engagement has increased from 8.5/10 to 9/10 between October 2023 and December 2024. This places us within the top 5% of benchmark dataset for consumer services (hotels, restaurants and leisure). Survey feedback has guided our implementation of new initiatives such as improved employee health benefits.

We also launched our 'Workforce Engagement with the Board' initiative in 2024, led by our Chair of the Board John Treharne, to bridge communication between Board members and the wider workforce. This initiative ensures employees' views are heard and considered in decision-making and evaluated for their impact on workforce culture during Board and Committee meetings.



Sustainability in action: The Gym Group Academy

"Having previously qualified as an electronics engineer, I decided to turn my passion for fitness into a meaningful career. Fitness has played a huge role in improving my mental and physical health, and I feel passionately about building confidence in others to achieve their goals. The Gym Group has been instrumental in making this a reality.

Enrolling in The Gym Group Academy has been incredibly positive and insightful, and my TGG Personal Training Mentor provided me with valuable knowledge and guidance, helping me build a client base and career in fitness.

The supportive environment and relationships I've built through the programme, have encouraged me to reach my goals and grow my confidence. As a single parent of two, I'm thrilled to work in a role that offers flexibility to balance my career with family life."

Kristal Johnson |
The Gym Group Academy, 2024 graduate



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Diversity and equal opportunity

Link to the SDGs




Fostering an inclusive culture with equitable opportunities to succeed remained a fundamental focus of our equality, diversity and inclusion ('EDI') strategy in 2024.

To deliver this, we prioritised our efforts on:

- improving employee wellbeing support;
- driving a culture of inclusion and belonging; and
- providing equitable development opportunities.

See Progress against the Next Chapter growth plan on **pages 19 to 23**



Using data and insights, we continue to evaluate and monitor progress to ensure the right support is in place to enable our teams to reach their full potential.

We continue to work towards the EDI targets outlined in our sustainability strategy – focused on gender and ethnicity – and report progress regularly to the Sustainability Committee to ensure transparency and accountability, and drive meaningful action to promote diversity.

Progression towards gender equality

Whilst female representation has reduced in our senior leadership team by 1ppt to 29.9% since 2023, we are pleased to see areas of improvement, particularly increases in women occupying 'Head of' positions. We are also pleased to see a decrease in female turnover though gender balance across The Gym Group as a whole remained stable at 31.4%.

We remained focused on development and retention strategies, with various initiatives tailored to women. These included our Women in Leadership and Empower programmes; the delivery of an additional four cohorts of our Female Health First initiative; and the piloting of enhanced maternity support through Spring Back Returnity Coaching™, providing comprehensive coaching for women during their maternity leave and transition back into work.

We are confident that these female-centric initiatives – alongside improvements to our employee talent mapping and monitoring – will support the progression of women within our talent pipeline.

Gender pay gap

We reported an increase in our mean gender pay gap as of April 2024, which stands at +9.4% (8.8ppts increase from 2023), largely impacted by changes within our senior leadership team. Our median pay gap remains at 0%.

Enhancing ethnic diversity

In 2023, we introduced a new pledge to drive positive action to support Black, Asian, Mixed and other ethnic representation within our senior leadership, with an ambition of improving this to 20% by 2030. We are pleased to report a 1.3 ppts increase to 13.8% diverse representation within the first year of this pledge.

Our first reverse mentoring scheme concluded in March 2024, pairing eight culturally diverse mentors with senior leadership team members. The programme successfully opened discussions around race and led to leadership sponsorship of our Cultural Diversity network group; participation in the WiHTL Ethnic Future Leaders development programme; and the planned rollout of additional reverse mentoring cohorts and inclusive leadership workshops in 2025.

Ethnicity pay gap

As of April 2024, our mean ethnicity pay gap reduced by 6.2ppts to +16.5% (+22.7% in 2023). Our median ethnicity pay gap remains at 0%.

The Gym Group's 2024 Gender and Ethnicity Pay Gap report provides full details of our pay gaps and the actions we are taking to drive progress.



Employee inclusion and belonging

We continued aligning wellbeing with our commitment to an inclusive and supportive workplace in 2024. Twelve of our Employee Relations Champions were upskilled in partnership with Mental Health First Aid England, strengthening our managers' wellbeing skills. We also launched a suite of digital mental health and wellbeing learning modules, hosted webinars and workshops on various topics such as fertility and men's mental health, and introduced two new health benefits, providing employees with 24/7 free access to GP appointments and virtual dental care.

Creating a welcoming and respectful environment free from harassment remains a key focus. Throughout 2024, we strengthened our approach to Dignity at The Gym Group by implementing mandatory 'Gymclusive', anti-harassment, bullying and bystander intervention training, and enhanced internal policies and practices. We are delighted to report an overall 94% completion rate for this learning. To further our commitment, we proudly joined ukactive's Safer Spaces to Move taskforce, which aims to reduce physical activity barriers for women and girls.

Our employee network groups continue to play an integral role in advocating inclusion and driving positive change. They have hosted events such as our Menopause Allies' workshop and Age Inclusion podcast; participated in local Pride events; and led initiatives like our inclusive traineeship, providing employability skills and work experience to individuals with disabilities or special educational needs.

We remain committed to participating in the 'Inclusion in EDI Maturity Curve Assessment' as an external benchmark for progress and best practices across our industry. We are proud to have maintained our silver award in 2024, based on the latest assessment, and track improvements in several areas, particularly the employee journey.



Sustainability in action: Employee network groups

"As leads of the LGBTQI+ employee network group, we aim to break down barriers, challenge the norm and lead the fitness industry to become an inclusive space for all.

This year we were proud to put that into action, leading The Gym Group in our first Pride events. Taking part in three different celebrations across the country, our gym teams and members came together to celebrate, engage with our local communities and demonstrate our unity with the LGBTQI+ community.

We have seen the positive impact this has had on our teams and member engagement and hope to continue to demonstrate the inclusiveness of our gyms throughout 2025."

Emily Carter & Jordan Flaste |
LGBTQI+ employee network leads



Strategic report
Sustainability report **continued**

Responsibility to the environment

Link to the SDGs

The Gym Group is dedicated to fostering environmental stewardship through transparent, accountable and impactful actions. Our 2024 sustainability efforts reflect a comprehensive approach to reducing energy consumption and greenhouse gas emissions, conserving water and minimising waste. By embedding sustainability throughout our operations and value chain, we contribute to a healthier planet and a resilient future, ensuring accountability to our members, communities and stakeholders.

See Progress against the Next Chapter growth plan on **pages 19 to 23**



Our climate transition plan

The Gym Group is proud to be the first fitness operator globally to have our net zero emissions target validated by the Science Based Targets Initiative (‘SBTi’), aligning our targets to the Paris Agreement’s pledge to limit global warming to 1.5°C above pre-industrial levels. We know achieving our targets will require strategic planning, funding and steady progress across our emissions reduction initiatives. That’s why, in 2024, we further developed our climate transition plan. Following the best practice framework of the Transition Plan Taskforce, we advanced our progress across its three principles of Ambition, Action and Accountability.

Ambition

Our science-based net zero targets are the foundation of our commitment to ambitious carbon reduction goals and our leadership in driving sustainable transformation within the fitness industry. By 2030, we are committed to:

- reducing absolute Scope 1 and 2 greenhouse gas (‘GHG’) emissions by 50% compared to our 2019 baseline; and
- achieving a 55% per-gym reduction in Scope 3 GHG emissions, encompassing purchased goods and services, capital goods, energy-related activities, upstream transportation, waste generated in operations, business travel and employee commuting.

Furthermore, we are committed to ensuring that 25% of our suppliers, by spend, establish science-based emission reduction targets by 2028.

Looking ahead to 2045, we are committed to:

- achieving a 90% reduction in absolute Scope 1 and 2 GHG emissions from our 2019 base year; and
- reducing Scope 3 GHG emissions by 97% per gym.

To support us in achieving our headline targets, we are focused on four key commitments driving carbon reduction.

Suppliers:
We will actively collaborate with key suppliers, fostering alignment across our value chain.

Members:
By the end of 2025, we will launch a comprehensive member engagement plan to inspire and empower our community to support and advance our net zero objectives.

Renewable energy:
We remain committed to sourcing 100% renewable electricity annually across all sites where energy procurement is within our control, achieving and sustaining this target by the end of 2025.

Carbon abatement:
We are developing a robust strategy to remove and store carbon from the atmosphere, addressing the residual 10% of emissions that will persist once we achieve our 2045 net zero target.

These targets and initiatives reflect our commitment to addressing emissions across our operations, supply chains and stakeholder communities, ensuring meaningful progress towards net zero.

Action

In 2024, we continued to take action to help us achieve our emissions reduction targets. Our activities included the following:

Progress in transitioning to low carbon hot water heating

Decarbonising hot water systems is key to The Gym Group’s goal of reducing Scope 1 emissions by 50% by 2030. By the end of 2024, 54 gyms used Air Source Heat Pumps (‘ASHP’), with 14 gyms using electric or district heating systems and 177 still reliant on gas boilers.

We have replaced gas-fired boilers with ASHPs primarily during end-of-life replacements or system failures, leveraging these opportunities to minimise incremental costs. Seven more ASHP installations are planned for 2025.

Lighting control trials

In 2024, advanced lighting control systems were tested at two gyms, reducing energy use by 30–36%. Financial performance was variable however, and refinements in 2025 will focus on consistent performance across sites, targeting locations with higher energy use and greater cost recovery potential.

Remote air conditioning management

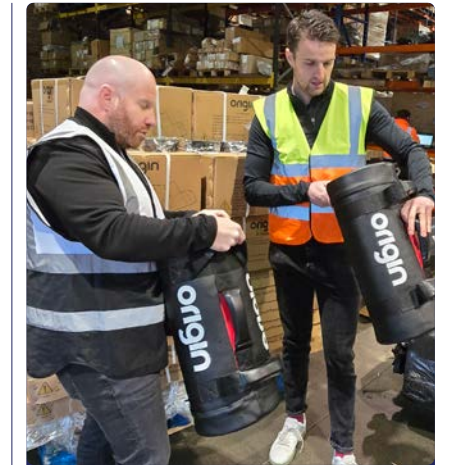
A trial of the MELCloud remote management system for air conditioning provided real-time insights, enabling energy-efficient adjustments and fault detection. Results indicate significant savings potential, with scalability across the estate under review.

Voltage optimisation

In 2024, 95 voltage optimisation units were installed to enhance energy efficiency, with more planned for 2025. Savings data will inform the initiative’s role in meeting our net zero targets.

Enhancing responsible sourcing

Through our Supplier Code of Conduct, we set clear environmental expectations and embed environmental accountability into supplier reviews and tenders, encouraging shared responsibility across our supply chain. We strengthened supplier contracts with stricter environmental requirements, including deadlines for reporting Scope 1, 2 and 3 emissions. This helps us identify high impact operations and collaborate on emissions reduction. By requiring emissions reporting, we can assess procurement impacts, target mitigation strategies and engage suppliers to set reduction goals in line with our SBTi targets.



Sustainability in action: Supplier Engagement

“When partnering with Origin Fitness, we’ve shared our sustainability targets and objectives from the outset, highlighting the importance of our net zero target by 2045.

Origin’s response to our joint commitment has been incredibly positive, accelerating some of their initiatives across their business, from product to packaging and beyond.

Examples include the removal of single use plastic from packaging and the introduction of 100% recyclable rubber crumb weight plates and sprint tracks. These in turn, have also created a cost saving whilst elevating the member experience and product quality.

We are committed to continuing to collaborate with our suppliers to innovate and reduce carbon emissions.”

Fraser Kennedy |
Equipment Development Manager



Strategic report
Sustainability report continued



Sustainability in action: Waste management

"2second Chance is a computer recycling charity that provides work-based training for individuals who are furthest from the job market and supplies refurbished computers to those in need. The charity supports people with physical disabilities, learning difficulties, or social, emotional and mental health needs.

In 2024, The Gym Group supplied the charity with 109 devices which, instead of becoming electronic waste, were repurposed and either sold or donated to struggling families.

We also donated £8,000 to the charity, the saving made possible by not disposing of the devices in the usual way. This provided for an additional 80 computers.

The relationship with 2second Chance strengthened further when members of the Facilities Management Team used their volunteering days to paint the charity's offices, adding much-needed colour.

We are looking forward to continuing our work with 2second Chance in 2025."

Ash Challen |
Head of Facilities

Accountability
Driving accountability and transparency: metrics to meet our sustainability goals

The Gym Group's sustainability strategy is underpinned by transparent reporting of material ESG performance data, including energy consumption, GHG emissions, water consumption and waste production. By adhering to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, we ensure that our Scope 1, 2 and 3 emissions are calculated consistently and accurately. This approach reinforces our accountability and commitment to reducing our environmental impact.

To support our journey to net zero, we continue to offset Scope 1, 2 and operational Scope 3 emissions through carbon credits purchased from Climate Impact Partners. These offsets are verified against global carbon standards, incentivising emissions reductions across our operations and investments while contributing to impactful projects worldwide. However, we prioritise direct carbon abatement initiatives, ensuring meaningful, long term reductions above reliance on carbon offsets.

The metrics and actions outlined demonstrate The Gym Group's unwavering commitment to transparency and accountability. They keep us on track to meet our ambitious sustainability targets, guide our progress and reinforce trust with stakeholders.

2024 carbon emissions

For 2024, our Scope 1 direct emissions amounted to 1,700 tCO₂e. Natural gas related emissions dropped by 12.9%, largely due to the replacement of gas boilers with ASHP across various locations. This contributed to an overall 9.8% reduction in Scope 1 emissions.

However, Scope 2 emissions for the year increased by 3.6% relative to 2023, due to the addition of new sites in the portfolio. These emissions totalled 9,017 tCO₂e, stemming from the consumption of 42,473 MWh of electricity, 1,240 MWh of direct heat and 13 MWh of self-generated energy.

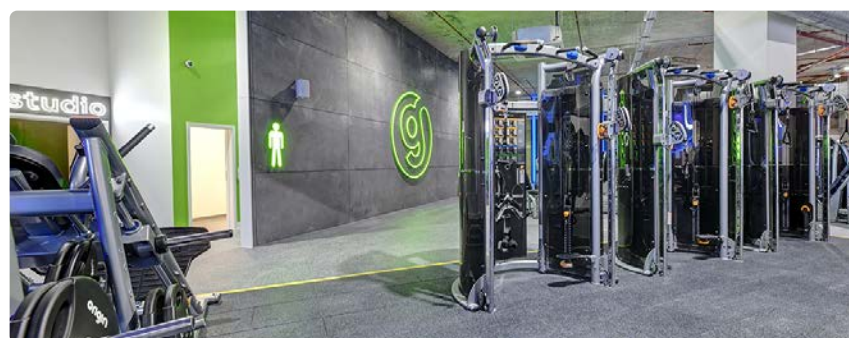
Scope 2 emissions have been calculated using location based emission factors published by DEFRA. However, under the market based electricity procurement contract in place since 2019 – emissions would equate to 1,748 tCO₂e.

Scope 3 emissions increased by 15.2% in 2024, totalling 24,978 tCO₂e. This is largely due to increased capital expenditure across the organisation in response to 12 new gym openings in comparison to 6 in 2023.

Operational intensity metrics for the reporting period (Scopes 1, 2 and 3) stand at 146 tCO₂e per gym and 548 tCo2e per million visits. These values have increased since 2023 but reflect intensity reductions of 29% and 30% from the 2019 base year respectively.

100%

renewable energy
for all sites where we control the purchase of energy



Emissions year ended 31 December 2024			
Total emissions (tCO ₂ e)	2019	2023	2024
Direct emissions from operation (Scope 1)	2,157	1,884	1,700
Purchased electricity and heat (Scope 2)	8,797	8,701	9,017
Indirect emissions in value chain (Scope 3)	25,660	21,657	24,978
Total emissions (tCO₂e)	36,614	32,242	35,695
% change from base year Scope 1 and 2		-3%	-2%
% change from base year Scope 1, 2 and 3		-12%	-3%
Intensity metric (tCO ₂ e per gym)	206	138	146
% change from base year		-33%	-29%
Intensity metric (tCO ₂ e per million member visit)	785	519	548
% change from base year		-34%	-30%
Total consumption (kWh)	2019	2023	2024
Scope 1 (Gas)	11,071,196	10,137,976	8,828,082
Scope 2 (Electricity)	34,409,373	41,154,605	42,472,816
Scope 2 (Heat)	10,907	995,005	1,240,050
Scope 2 (Self-generation)	-	-	12,550
Total (kWh)	45,491,476	52,287,586	52,553,498

Scope 3 Category	Emissions (tCO ₂ e)				
	2019	2023	2024	vs base	% of Scope 3
Capital goods	17,544	7,948	13,908	-21%	55.7%
Business travel	272	224	415	53%	1.6%
Employee commuting and homeworking	402	423	316	-21%	1.3%
Fuel and energy related	2,343	3,140	3,217	37%	12.9%
Purchased goods and services	4,488	9,501	6,811	52%	27.3%
Upstream transport	375	184	125	-67%	0.5%
Water and Waste	236	237	186	-21%	0.7%
Total	25,660	21,657	24,978	-3%	

Reducing our water consumption

With increasing pressure on water resources, effective management is important for The Gym Group. As we don't operate pools, our main water use is in shower and toilet facilities.

We have implemented measures to monitor, reduce and optimise consumption to address this. Following a 2023 trial, we rolled out remote meter reading systems to 60 sites, enabling real-time insights and site-specific benchmarks to drive improvements. This rollout enabled us to create league tables to identify and effectively address high consumption sites. We are planning to install the system in a further 40 sites in 2025.

Other initiatives include recovering condensate water from our air conditioning to flush toilets and replacing older shower heads with more efficient models. The latter has the potential to save more than half a million litres of water weekly. These initiatives showcase our commitment to reducing water waste while enhancing operational efficiency.

Enhancing waste management

In 2024, The Gym Group continued to build on its waste management achievements, reinforcing our commitment to sustainability. Over the year, we generated 782 tonnes of general and mixed recycling waste, marking a 4% decrease compared

to 2023, despite a growing estate and membership. This improvement reflects our focus on minimising resource use and enhancing operational efficiency. Key to this success was the implementation of initiatives to reduce non-recyclable materials, such as further decreasing blue-roll waste. This contributed significantly to a lower average waste per gym of 4.0 tonnes.

A milestone this year was our partnership with a new waste-handling provider to enhance our waste management strategy. Through this partnership, we are shifting our focus from waste-to-landfill targets to setting ambitious recycling rate goals to drive better resource recovery and a circular economy ethos.

Waste	2019	2023	2024
Total weight (in tonnes)	750	816	783
Average tonnes/gym	4.3	4.4	4.0
Recycled	Not tracked	48%	49%
Diverted from landfill	90%	97%	100%

Strategic report

Task Force on Climate-Related Financial Disclosures report

The Task Force on Climate-related Financial Disclosures ('TCFD') recommendations continue to guide our identification and assessment of climate-related risks and opportunities. They shape how we approach the physical impacts of climate change, and the transition risks linked to the UK's shift towards a low carbon economy.

This is our fourth TCFD report, providing disclosures aligned with its four core pillars of governance, strategy, risk management and metrics and targets. We remain fully compliant with the Listing Rules (Disclosure of Climate-related Financial Information) (No 2) Instrument 2021.

While our 2024 TCFD analysis reaffirms that climate-related risks and opportunities do not yet impact our financial performance or position, we consider their growing potential to influence our business in the future. Climate change therefore remains an emerging risk to the business (see Emerging Risks page 60). Through our ongoing commitment to proactive climate risk management, we will continue to refine our approach, enhancing our understanding of, and response to, the financial implications of climate-related risks and opportunities.



Governance

Our Sustainability Committee (the 'Committee') is the Board Committee that oversees key climate-related responsibilities. In close collaboration with the Committee, the Sustainability Working Group, supported by the ESG workstreams, ensures senior management oversight and robust governance across the business to drive the effective implementation of our sustainability strategy and transition plan. Climate-related risk and opportunity management remains integral to the ESG workstreams' remit.

The Chief Development and Sustainability Officer led The Gym Group's sustainability strategy in 2024 and was responsible for monitoring and advancing our climate-related progress. The Business Development and Sustainability Director drives the integration of sustainability into our business strategy, oversees the monitoring of our net zero targets, and collaborates with leaders across functions – including Finance, Procurement and Facilities Management – to tackle climate-related risks and opportunities. Further information on our governance approach to climate and sustainability can be found in our Report of the Sustainability Committee on pages 90 to 91 and on our website.

Strategy

In 2023, we conducted a comprehensive climate scenario analysis to examine how climate change and the transition to a lower carbon economy might impact The Gym Group's operations. This analysis included a review of climate and weather projections, socioeconomic trends and operating environment predictions. In 2024, we revisited this analysis to confirm its relevance and the applicability of the identified risks and opportunities, ensuring our understanding remains aligned with emerging developments.

Our approach considered existing and potential future regulations to assess the risks they may pose to our business. By analysing a range of divergent scenarios, we evaluated the resilience of our strategy under various potential futures, enabling us to prepare to respond to a range of uncertain climate impacts.

We based our physical scenario analysis on the Intergovernmental Panel on Climate Change's Sixth Assessment Report (2023), supplemented by data from the Met Office's UK Climate Projections 2018.

We assessed three physical climate scenarios – Shared Socioeconomic Pathways ('SSPs') – as follows:

SSP1-2.6 Low emissions	A low GHG emissions scenario with global net zero emissions achieved by 2070, with projected warming of 1.3–2.4°C by 2100.
SSP2-4.5 Medium emissions	An intermediate GHG emissions scenario with global emissions stabilising at current levels until 2050, with projected warming of 2.1–3.5°C by 2100.
SSP5-8.5 High emissions	A very high GHG emissions scenario where emissions double by 2050, with projected warming of 3.3–5.7°C by 2100.

We utilised three scenarios to complete transition scenario analysis taken from the International Energy Agency's World Energy Outlook (2022):

Net zero emissions by 2050 scenario ('NZE')	A pathway to limit global warming to 1.5°C, achieving universal energy access by 2030.
Announced pledges scenario ('APS')	A pathway that assumes that all aspirational targets announced by governments are met on time and in full, including net zero and energy access goals.
Stated policies scenario ('STEPS')	A pragmatic scenario reflecting current policy settings and their likely outcomes.

We assessed these impacts across three time horizons:

Short term (to 2039, with a 2030 milestone)	Aligned with our near term emissions reduction targets and current business strategy.
Medium term (2040–2059, with a 2050 milestone)	Corresponding to the UK government's net zero target.
Long term (2060–2079, with a 2070 milestone)	Capturing longer term impacts where scenarios diverge significantly and aligning with the long lifespan of built-environment assets.

The scenario analysis covered all our UK operations, documenting regional vulnerabilities where applicable, based on the climate projections. The most significant risks and opportunities are detailed on pages 48 to 49. SSP5-8.5 is the scenario in which physical risks are most pronounced for The Gym Group, whereas transition risks and opportunities are most significant under the NZE scenario.

Through this iterative process, we continue to enhance our understanding of climate-related risks and opportunities, ensuring our strategy remains resilient and adaptable.

Risk management

The insights generated through scenario analysis informed updates to our climate-related risks and opportunities register. We held a collaborative workshop to evaluate the potential business and financial impacts of these risks and opportunities. Senior leaders and key stakeholders from across the organisation participated, providing valuable insights to ensure a comprehensive assessment of climate-related risks and opportunities across all relevant business areas.

The workshops reviewed existing control measures and highlighted areas requiring further analysis to deepen our understanding of risk exposures. The assessment considered potential impacts on financial position and performance for each risk and opportunity. This relative financial impact evaluation helped prioritise our most material risks and opportunities, guiding our management and reporting efforts towards those with the highest potential for financial significance. We directly integrated the insights and priorities identified into our proactive risk management approach, supported by our transition plan, summarised on pages 48 to 49. This plan outlines specific actions for mitigating risks, capitalising on opportunities and aligning our operations with a low carbon future.

We assessed risks using our corporate risk methodology. The climate-related risks and opportunities register evaluates the likelihood and impact of each climate-related risk alongside an outline of current and planned control measures. Gross risk scores were calculated by multiplying the ratings for impact and likelihood, each scored on a scale of 1 to 4.

Control effectiveness was also considered, reducing the net risk score relative to the gross risk score where applicable. More details on our approach to risk management can be found in the 'Principal risks and uncertainties' section of the Strategic report.

The consolidated findings from the TCFD risks and opportunities register were shared with the Audit and Risk Committee and the Board.

The Finance Director oversees the Company-wide risk register, assigning responsibility for specific risks and opportunities to relevant senior managers.

Strategic report

Task Force on Climate-Related Financial Disclosures report continued

This review, conducted semi-annually with input from the Executive Committee, ensures that actual and potential climate-related impacts are effectively controlled, mitigated or transferred and fully integrated into business decision-making. By embedding these findings into our transition plan, we take a proactive approach to risk management, ensuring that we remain well prepared for current and future climate-related challenges.

Metrics and targets

Metrics and targets are integral to managing climate-related risks and opportunities, enabling data-driven decision-making, stakeholder communication and the measurement of climate impacts on business strategy, financial planning and risk exposure. Through our sustainability strategy, we collect and analyse material ESG performance data to enhance our understanding of transition risk exposure and track the

effectiveness of the climate-related initiatives outlined in the 'Strategy' section above. Central to this approach is our commitment to achieving net zero emissions by 2045, validated by the SBTi. Further details on our climate-related metrics and targets can be found on pages 42 to 45. Looking ahead, we will continue to refine and expand our suite of climate-related metrics, deepening our understanding and management of climate-related risks and opportunities.

Climate-related risks and opportunities

Risk	Potential financial impact	Control measures	Emissions scenario	Materialisation
Physical climate-related risks:				
Flooding: Increased frequency and intensity of extreme rainfall may lead to increased river and surface water flood events. Surface water flooding is projected to pose the highest risk in the urban areas where The Gym Group operates. Flooding may also occur due to sea level rise, putting gyms in some coastal regions at risk of flooding. This is most likely to impact gyms in Southeast England.	<ul style="list-style-type: none"> Revenue: Decreased revenue due to business disruption and/or closure of premises. Expenditures: Increased insurance costs; increased costs for flood mitigation updates. Assets and liabilities: Decreased asset value or write-offs due to water damage. 	We lease our premises, providing flexibility to exit leases in flood-prone areas. Our corporate insurance includes flood coverage, and flood risk mapping is assessed at policy renewal. During the acquisition of new sites, it is standard due diligence practice to determine any potential physical risks, including flood risks. Our nationwide network allows members to use alternative locations should their primary gym be closed.	Medium emissions	Short term
			High emissions	Short term
Prolonged water stress: Changing precipitation patterns may lead to prolonged drought conditions in Summer months. This could lead to potential water restrictions impacting The Gym Group's ability to provide shower facilities to customers and is most likely to impact gyms in Southeast England.	<ul style="list-style-type: none"> Revenue: Decreased revenue due to water restrictions impacting demand. Expenditures: Increased water costs. 	Our approach to water management and current initiatives are detailed on page 45.	High emissions	Short term
High temperatures: Sustained increase in median temperature, leading to increased cooling requirements at gyms and offices and a potential decline in appetite for fitness. This risk is most likely to impact gyms in Southeast England.	<ul style="list-style-type: none"> Expenditures: Increased costs associated with the installation and/or additional repair of air conditioning/cooling mechanisms. Assets and liabilities: Reduced lifetime of air conditioning equipment. 	Our '20 is Plenty' model ensures gyms operate at no lower than 20 °C, reducing energy used by air conditioning. Building insulation also minimises the cooling demand. The Gym Group is also working to attain a minimum EPC rating of 'C' across our gyms by 2025. Currently, 82% of gyms with EPC have ratings of 'C' or above.	High emissions	Medium term

Risk	Potential financial impact	Control measures	Emissions scenario	Materialisation
Transition climate-related risks:				
Legislative requirements: Increased legislative requirements related to the energy efficiency of buildings and office spaces, resulting in retro-fitting costs or new lease costs for aged building services.	<ul style="list-style-type: none"> Expenditures: Increased costs for building leases to meet evolving criteria and increased costs for retro-fitting. 	We are actively investing to improve energy efficiency across our site portfolio and outline our approach on pages 42 to 45. We are also working to achieve a minimum EPC rating of 'C' across our gyms by 2025. As a tenant in leased buildings, The Gym Group retains the flexibility to transition out of less energy-efficient sites if upgrades are not viable, ensuring our operations align with our sustainability goals.	Net zero emissions	Short term
			Low emissions	Short term
Decarbonising estate: Investment to purchase gym equipment with lower embodied carbon, improved energy efficiency, and phase out fossil fuels, including natural gas.	<ul style="list-style-type: none"> Expenditures: Increased capital costs to retire and replace existing equipment, facilitate transition and implement energy efficiency measures. 	We outline our approach to decarbonising our operations on pages 42 to 45. As part of our sustainability efforts, we are investing in plans to remanufacture and repurpose used equipment and building elements, extending their lifespan and minimising waste. Our approach, detailed further on page 45, enables us to manage costs over time while aligning with our commitment to a circular economy.	Net zero emissions	Short term
			Low emissions	Short term
Climate-related opportunities:				
On-site energy generation: Implementing on-site energy generation (e.g., solar panels) at gyms may reduce grid dependency and lower exposure to fluctuating fossil fuel prices.	<ul style="list-style-type: none"> Expenditures: Reduced operating costs (e.g., through efficiency gains and cost reductions). 	On-site energy generation has the potential to lower operating costs associated with purchased electricity. We have trialled solar PV installations at select sites and are evaluating the business case for future investments.	Net zero emissions	Short term
			Low emissions	Short term
			Medium emissions	Short term
Indoor exercise demand: Demand for climate-controlled gyms may increase during extreme heat events, whether short term (acute) or persistent (chronic).	<ul style="list-style-type: none"> Revenue: Increased revenue from gym memberships. Capital and financing: Increased investment from shareholders and higher share price. 	Storms, heat waves, hotter summers and wetter winters may make outdoor workouts less viable. Thus, there is an opportunity to attract more customers who previously exercised outdoors.	High emissions	Medium term

Strategic report

Managing our risk

Principal risks and uncertainties

Our risk management framework is designed to effectively identify, assess and mitigate risks whilst enabling us to deliver the Group's strategic and operational objectives.

Approach to risk management

The Board and senior management take very seriously their responsibility for risk management and internal controls, and for reviewing their effectiveness at least annually.

The Board has overall responsibility for ensuring there is an effective risk management process in place which is designed to identify the principal risks that the business faces and to provide reasonable assurance that they are fully understood and managed.

The Audit and Risk Committee provides oversight and challenge on the effectiveness of risk management and mitigating controls.

Risk appetite

The UK Corporate Governance Code requires companies to determine their risk appetite. This is an expression of the amount and types of risk that the Group is willing to take in order to achieve its strategic and operational objectives. A risk that can seriously affect the performance, prospects or reputation of a company is deemed to be a principal risk. The Group's risk management process aims to strike a balance between identifying, monitoring and mitigating risks whilst maximising potential opportunities and returns to ensure we deliver against our strategy. For each of the Group's principal risks set out on the following pages, we have included a risk appetite statement which indicates the level of risk the Board is willing to accept to achieve our strategic objectives.

Key roles and responsibilities

The roles and responsibilities for designing, monitoring and operating the system of risk management are set out below.

First line of defence	Second line of defence	Third line of defence	
<p>Functions and employees</p> <p>Responsible for ensuring the Group's objectives are met and business activities are conducted in accordance with Group policies and standards</p> <ul style="list-style-type: none"> Manage day-to-day risk in their own areas guided by Group policies, procedures and control frameworks. Identify and report on functional risks to the Executive Committee and ensure mitigations are in place. Deliver the actions associated with managing risk. 	<p>Executive Committee</p> <p>Overall responsibility for managing the Group to ensure it achieves its strategic objectives</p> <ul style="list-style-type: none"> Promotes and supports the embedding of risk management throughout the business. Ensures there is active management of identified and emerging risks. Formally reviews the functional risk registers and the strategic risks twice yearly. Reports to the Audit and Risk Committee on the internal control environment and principal and emerging risks identified. Develops the Group strategy in line with the Board risk appetite. 	<p>Audit and Risk Committee</p> <p>Delegated responsibility from the Board to review the effectiveness of the Group's risk management and internal control frameworks</p> <ul style="list-style-type: none"> Reviews the output from the Executive Committee's twice yearly review of functional and strategic risks. Assesses annually the effectiveness of the Group's internal control and risk management frameworks. Makes recommendations to the Board for improvements or developments to the Group's internal control and risk management frameworks. Reviews viability scenarios assessment. Oversees the external audit. 	<p>Board</p> <p>Overall responsibility for the Group's internal control and risk management frameworks, and the strategic direction of the Group</p> <ul style="list-style-type: none"> Sets the tone and culture for managing risk and embedding risk management controls, providing strategic direction on the appropriate balance between risk and reward. Defines and reviews the Group's risk appetite. Reviews the Group's principal risks at least annually. Approves the viability statement. Evaluates the risk implications of planned investments.

Risk management process

The Group's risk management process is designed to measure, evaluate, document and monitor risks within all areas of the business.

Functional risks review

Each area of the business maintains a functional risk register in which functional leads identify and document the risks that their business area faces. Areas covered include: People; Operations; Marketing and Commercial; Property Acquisition; Property Maintenance and Facilities; Finance; Technology; Data; and Sustainability. A review of the functional risk registers is performed twice yearly by the Executive Committee.

Strategic and emerging risks review

The Executive Committee also considers and identifies strategic and emerging risks twice yearly. Strategic risks are defined as those risks that management believes would have a significant impact on the Group's ability to achieve its strategic goals over the time horizon covered by our strategic planning process.

Emerging risks are defined as those risks that management believes do not currently pose a significant threat to the Group's ability to achieve its strategic goals over the time horizon covered by our strategic planning process but could do so in the future. More details on the Group's emerging risks are provided on page 60.

Group principal risks review

The Group's principal risk register is made up of those strategic risks (top down) and functional risks (bottom up) that are believed to pose the greatest threat to our business model, future performance, solvency or liquidity, and reputation.

Risk scores

All risks identified (functional, strategic and emerging) are evaluated using a consistent scoring mechanism. Each risk is given a gross risk score (before consideration of any controls or mitigations in place) which reflects the likelihood of occurrence and the severity of the financial impact. In assessing the risks, consideration is given to 'what can go wrong', i.e. what could result in the risk being realised.

To arrive at a net risk score, existing controls and mitigations are documented and their effectiveness assessed. Where the net risk score is deemed to be higher than our risk appetite allows, additional controls and mitigations are developed.

Audit and Risk Committee review

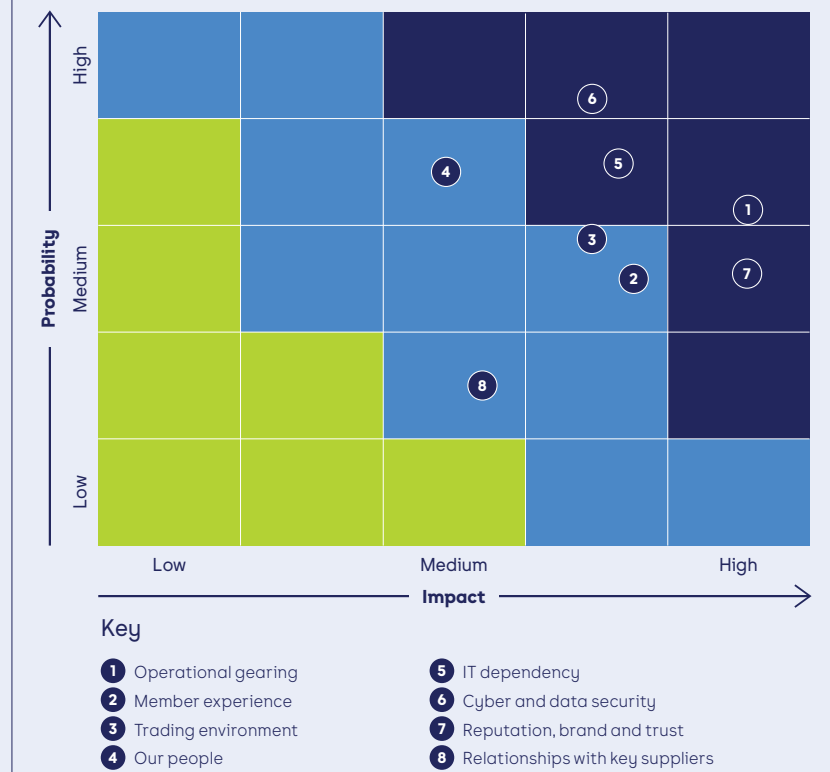
The output of the above reviews is discussed with the Audit and Risk Committee (on behalf of the Board).

Principal risks

Through its 2024 reviews, the Board and Executive Committee have identified eight principal risks which are set out on the following pages. These are the risks 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 our 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.

The eight principal risks identified in 2024 are the same eight risks that were also identified and included in the 2023 Annual Report and Accounts. For each of the risks, we have included a link to the Group's strategic priorities, an explanation for any movement in risk trend compared to the prior year and examples of relevant controls or mitigations that have been developed. Those principal risks which have been included in the assessment of the Group's long term viability have also been highlighted.

Risk heat map (before mitigations)



- Overview
- Strategic report
- Governance report
- Financial statements
- Other information

Strategic report
Managing our risk continued

Key Risk movement in 2024:

- Risk increase
- No change
- Risk decrease
- Included in Viability assessment, see page 62

1 Operational gearing V

Description and impact

The high operational gearing of the business, as a result of the largely fixed cost base, limits the number of corrective actions that could be made to mitigate any under-performance in membership numbers, which could adversely impact profitability.

In addition, the current macroeconomic and geopolitical environment has led to significant wage and cost inflation.

An increase in the frequency of extreme weather events, leading to flooding and extreme heat events could also impact on our operations with damage to gyms and equipment and potential increased costs for repair or replacement.

The Group may be unable to attract sufficient members and/or increase prices to sufficiently cover the cost increases, leading to reduced margins.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
We accept that the Group's business model is one where there is a high level of fixed costs. However, all new gyms are expected to attain a ROIC of at least 30% to ensure the risk can be appropriately managed.	<ul style="list-style-type: none"> Regular monitoring and reforecasting of business performance at site level Active yield and retention management on a gym-by-gym basis Ongoing financial management by the Executive Committee and the Board and continuous review of the low cost operating model Measures identified to reduce operating costs, preserve cash and reduce discretionary spend where necessary Option to slow down new site openings to preserve cash Energy-efficient investment into our sites Energy contracts in place to provide line of sight for future utility costs Bank agreement signed in June 2024 providing access to £90m of facilities until at least June 2027 Insurance policies in place to mitigate any costs or business interruption from extreme weather events 	<p>Strengthen the core</p> <p>Accelerate rollout of quality sites</p>	<p>The Board believes this risk is trending downwards due to a number of enhancements to existing controls, the improved financial and operational performance, and the introduction of a new bank facilities agreement.</p>

Key Risk movement in 2024:

- Risk increase
- No change
- Risk decrease
- Included in Viability assessment, see page 62

2 Member experience V

Description and impact

Failure to provide members with a high quality product and service due to internal or external factors could result in a loss of membership and reputational damage.

A decrease in membership numbers, as a result of a fall in actual or perceived customer service or confidence, would adversely impact revenue and profitability.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
Whilst we are committed to delivering a compelling member experience and operational excellence, this will not be delivered at the expense of price competitiveness.	<ul style="list-style-type: none"> Tracking of gym utilisation, cleanliness and member satisfaction scores through enhanced monitoring and feedback processes Dynamic pricing and the introduction of an Off-peak product help manage capacity levels Ongoing review of equipment usage and appropriate investment in repairs and maintenance to ensure we meet member requirements Significant investment programme to enhance and upgrade gym equipment and kit mix and refurbish older sites Gym staffing model allows control over staffing deployment to ensure peak periods are adequately covered Fitness product innovation to enhance the member experience e.g. HYROX and small group training classes Strong member communication plan in place Crisis and incident management plans developed 	<p>Strengthen the core</p> <p>Accelerate rollout of quality sites</p>	

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Key Risk movement in 2024:

Risk increase
 No change
 Risk decrease
 Included in Viability assessment, see page 62

3 Trading environment

Description and impact

Macro-economic/consumer.
 The UK continues to experience a cost-of-living squeeze and there remains significant economic and geopolitical uncertainty. We need to respond appropriately to external market conditions while maintaining focus on delivering on our strategic objectives. Members may choose to cancel their membership due to financial hardship.

Competition
 Existing competitors may make decisions around capital deployment, location and/or pricing which could impact the ability of the Group to achieve membership and EBITDA targets.

New competitors could enter the fitness market offering an alternative to the low cost gym model e.g. digital fitness out-of-home offerings and/or aggregators.

This could lead to sub-optimal membership levels, an increase in the number of under-performing sites and substantially lower revenue/profitability.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
We accept the inherent risks associated with the external trading environment as we seek to deliver our strategic objectives. However, all significant trading decisions are supported by business cases which include an understanding of both the potential risks and rewards.	<ul style="list-style-type: none"> Well placed to operate successfully in a challenging economic environment as we are one of the lowest price gym operators in the UK market with prices that are significantly lower than those charged by mid-market and premium operators Active yield and retention management on a gym-by-gym basis, with Off-peak and Saver membership options offering flexibility to existing and new members Highly experienced management team in place Fitness product innovation to ensure we continue to meet the evolving needs of members and prospective members e.g. HYROX and small group training classes Enhancements to the app to develop the digital fitness offering Competition monitoring and defence process in place Rigorous site selection process Bank agreement signed in June 2024 providing access to £90m of facilities until at least June 2027 Strong free cash flow generation before investment in growth 	<p>Strengthen the core</p> <p>Accelerate rollout of quality sites</p>	

Key Risk movement in 2024:

Risk increase
 No change
 Risk decrease
 Included in Viability assessment, see page 62

4 Our people

Description and impact

The success of the business is dependent on talent attraction, development and retention, as well as maintaining a good culture, high team engagement and supporting our team's wellbeing. A lack of experienced and motivated staff could have a detrimental impact in all areas of the business, across Operations and Gym Support. It is important to retain key talent to retain business knowledge and understanding as well as maintaining stability in teams.

Increased demand and competition for staff could impact on our ability to support the gyms, deliver a good member experience and execute on our strategy. Stretched resources could see staff distracted from performing their core roles or failing to deliver on key projects.

Lack of adequate succession planning and dependency on a small number of key staff could also weaken supplier relationships, which in turn could impact operational performance.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
We seek to provide a great place to work, and balance costs and risks to ensure our colleagues are engaged and have the capability to deliver our strategy. We have no tolerance for harm (physical or mental) to individuals and actively promote equality, diversity and inclusion.	<ul style="list-style-type: none"> Use a variety of tools to attract, retain and motivate staff at all levels of the business, including: <ul style="list-style-type: none"> Competitive remuneration and benefits packages Opportunity to own shares in the Company Opportunities for training and progression Short, clear reporting lines Succession planning Engagement surveys carried out every six months with detailed analysis and action plans produced e-learning platform, internal communication and recognition platform, CORE Wellbeing programmes, Employee Diversity and Inclusion Group and other employee forums Employee assistance programme providing 24/7 telephone counselling service Development of the Gym Group Academy and changes to the operating and recruitment models to increase the talent pool for gym staff recruitment 24/7 Doctor Line service available to all employees Growth of Gym Support and cross-training to reduce dependencies on key individuals 	<p>Strengthen the core</p> <p>Accelerate rollout of quality sites</p> <p>Broaden our growth</p>	

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Key Risk movement in 2024:

Risk increase
 No change
 Risk decrease
 Included in Viability assessment, see page 62

5 IT dependency

Description and impact

Our ability to enrol and support members, carry out online marketing activity, process payments and control gym access and other services is dependent on the performance of our IT systems.

By increasing the level of sophistication and breadth of our products and developing new innovations, we create more opportunities for growth in the longer term. However, this also means that we have to manage and deal with greater technology and process complexity and increasing platform load.

Upcoming initiatives to replace the Group's member management and payment systems will temporarily impact on our ability to innovate at pace and increase the risk of disruption to our critical IT systems which could adversely impact member experience and/or our ability to collect revenue and grow the business.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
<p>We accept that the Group has a heavy reliance on technology and that we need to innovate and evolve that technology in order to achieve our strategic objectives. However, all major projects are subject to rigorous programme governance and oversight and must, where possible, be delivered on time, to budget, to expected quality and in a way that safeguards the wellbeing of our colleagues working on the project. Cost overruns and delays will sometimes be tolerated to achieve the desired outcome.</p>	<ul style="list-style-type: none"> Primary data systems hosted by specialist hosting providers in suitable data centres Primary IT infrastructure fully managed by specialist IT companies which provide best-practice architecture and support All membership and business information backed up regularly using third-party locations Robust disaster recovery and business continuity plans in place Additional capacity added to our infrastructure to cope with large spikes in usage and regular programme of load testing on critical member-facing platforms Strong internal technology team in place, supported by specialist IT resource providers Appropriate governance in place for all major technology projects with Executive Committee and Board oversight 	<p>Strengthen the core</p> <p>Accelerate rollout of quality sites</p> <p>Broaden our growth</p>	<p></p> <p>The Board believes this risk is trending upwards as the work being undertaken to replace member management and pricing systems will likely impact on the delivery of BAU and other technology projects in the short term. However, the Board is confident that the changes we are making will help us achieve our strategic goals and improve the member offering in the long term.</p>

Key Risk movement in 2024:

Risk increase
 No change
 Risk decrease
 Included in Viability assessment, see page 62

6 Cyber and data security

Description and impact

The Group holds business critical and confidential information electronically. A breach of security or data protection controls due to unauthorised access, loss or disclosure of this information could lead to legal claims, regulatory penalties, disruption of operations and/or reputational damage.

The level of overall cyber risk remains high due to the current geopolitical instability and an increased number of threat actors and attack vectors (including AI); and over time, we believe our increased brand recognition will increase our vulnerability to such attacks.

Data protection legislation brings potentially wide-reaching effects and consequences for all businesses, with penalties for breaches attracting fines of up to 4% of annual turnover, or £17.5m – whichever is the higher.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
<p>We have no appetite for the loss of, or otherwise unauthorised or accidental disclosure of, member or other sensitive data.</p>	<ul style="list-style-type: none"> Networks and systems protected by firewalls, industry-leading authentication management and security software and strong passwords All sensitive data is captured and presented using SSL encryption and access restricted by role Two-factor authentication enabled on most critical systems PCI Level 2 compliance maintained All customer payment data is stored externally on systems that are PCI-DSS and/or BACS certified Ongoing programme of security review and upgrades for key platforms Continuous assessment of new and innovative products for security Mandatory cyber security and data protection training for all employees Data Protection Manager in place to oversee and optimise our control environment in this area GDPR audit carried out every two years (last audit completed in August 2024) Senior leadership briefs the Board on information security matters at least annually when the CTO presents the Group's IT strategy Cyber security insurance in place 	<p>Strengthen the core</p>	<p></p>

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Key Risk movement in 2024:

Risk increase
 No change
 Risk decrease
 Included in Viability assessment, see page 62

7 Reputation, brand and trust

Description and impact

The Gym Group brand is built on trust, inclusion and strong sustainability credentials. As the business, estate and workforce grow, brand recognition increases which, in turn, brings additional media coverage of The Gym Group.

A health and safety or other serious incident in any of our gyms could result in injury or harm to one or more of our members, as well as reputational damage.

There is also a risk that an inappropriate social media post by either a member of staff or an external party could have a wide-reaching impact on our brand and reputation, leading to loss of membership.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
<p>We have no appetite to knowingly breach the spirit or letter of the laws that apply to us. In areas of uncertainty, we will have a robust justification and clear rationale for the choices we make.</p> <p>We seek to provide a great place to work and workout. We have no tolerance for harm (physical or mental) to individuals and actively promote equality, diversity and inclusion.</p>	<ul style="list-style-type: none"> Group policies and procedures set out the expectations and behaviours that enable all colleagues to make the right decisions and communicate appropriately Communication and engagement programmes are in place to listen to our members and stakeholders to help ensure we reflect their needs in our plans, which include health, community, climate and sustainability initiatives Promotion of our values and high standards of doing business should ensure we become a trusted brand which boosts our reputation Clear, documented procedures in place for managing health and safety incidents; staff regularly trained to ensure all incidents are effectively managed Out of hours monitoring services in place Third party health and safety specialist retained to provide advice and audit services Robust business response plan in place to deal with brand and reputational issues, including the retention of a specialist PR agency and media training for key executives Central control of social media posts 	<p>Strengthen the core</p> <p>Accelerate rollout of quality sites</p> <p>Broaden our growth</p>	<p></p> <p>The Board believes this risk is trending upwards as the business, estate and workforce grow, bringing with it an increased media presence. The use of social media as a form of unregulated free speech is also increasing.</p>

Key Risk movement in 2024:

Risk increase
 No change
 Risk decrease
 Included in Viability assessment, see page 62

8 Reliance on key suppliers

Description and impact

Where possible, we employ a policy of using multiple suppliers to minimise business interruption should one supplier fail. However, standardising equipment, materials and processes across our estate, allows us to benefit from economies of scale, reducing initial site fit-out costs and ongoing maintenance and other controllable costs. At the same time, we provide consistency of member experience.

As a result, we have key supplier dependencies in areas such as equipment provision, gym access and payment processing.

With the continuing macroeconomic challenges in the UK economy and the wider geopolitical conflicts, there remains a risk of critical supplier failure caused by financial exposure and/or cyber attacks.

In addition, as our business grows, there is a risk that key suppliers' processes and procedures do not keep pace with our requirements.

Risk appetite statement	Mitigations and controls	Strategic link	Risk direction vs prior year
<p>We are willing to accept the risk of partnering with third parties to deliver our core business activities. However, contracts and relationships with critical suppliers must be well monitored, value-for-money and regularly reviewed. In addition, third parties must comply with appropriate regulatory and ethical standards.</p>	<ul style="list-style-type: none"> The Gym Group maintains good relationships with its key suppliers and seeks to treat all suppliers ethically and professionally Solid procurement process in place to assess the quality of suppliers Business continuity plans for critical suppliers are in place and reviewed regularly Stronger supplier assessments added as part of PCI Level 2 Key supplier contracts updated and renewed in 2023 with additional data protection and other provisions included Our main gym equipment supplier has a number of manufacturing facilities around the world to ensure supply should geopolitical tensions threaten production and availability of kit 	<p>Strengthen the core</p> <p>Accelerate rollout of quality sites</p>	<p></p>

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Emerging risks

In addition to the principal risks set out on the previous pages, the Executive Committee and Board also consider emerging risks as part of their reviews. These are risks that, whilst not currently believed to be principal risks to the Group, are clearly important to us and could have a significant impact on the ability of the business to fulfil its strategic objectives in the future.



Climate change

Extreme weather events are increasing in frequency in the UK, and flooding and extreme heat events could impact on our operations, leading to damage to gyms and equipment (resulting in increased costs for repair or replacement) and poor customer experience.

However, the geographic distribution of our gyms means that, over the time horizon covered by our strategic planning and Group principal risks assessment (three years), these are expected to impact only a small number of sites and do not threaten closure of a substantial part of the estate for a prolonged period of time. In addition, insurance policies are in place to mitigate any costs or business interruption, although it is acknowledged that such policies will become more expensive and less available over the longer term. Therefore, the Board has concluded that climate change is not a principal risk, but it can and does impact other principal risks such as 'Operational gearing' and 'Member experience'.

Our TCFD report on pages 46 to 49 contains a comprehensive discussion about the climate-related physical and transition risks that the Group faces and the measures we are taking to address these risks both now and in the future. The report includes a range of scenarios and mitigating actions.

See TCFD report on **pages 46 to 49**

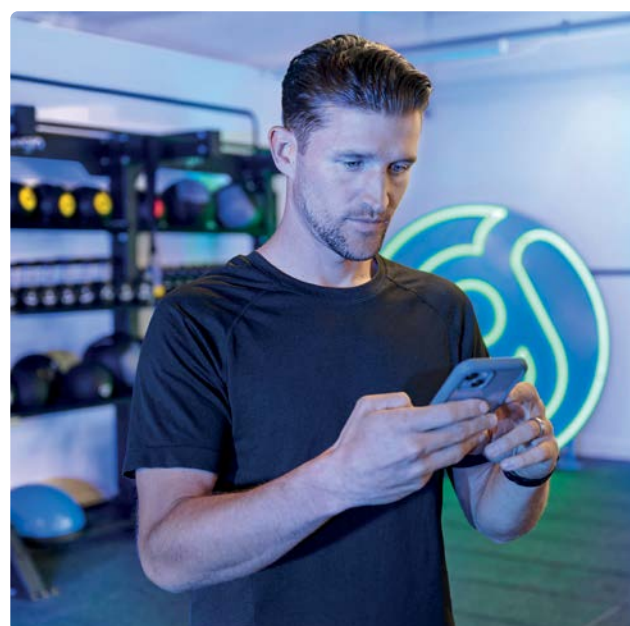
Artificial intelligence ('AI')

The Board added Artificial intelligence ('AI') to its emerging risks register in 2023. Management continues to evaluate how the business could benefit from the use of AI as well as what risk AI could potentially pose in relation to possible data and/or system breaches, or loss of competitive advantage should existing or new competitors use AI to innovate or reduce operating costs.

In order to mitigate the potential risks from the use of AI, an AI policy was drafted in Q1 of 2024 and an employee training plan was launched in the second half of the year. We continue to develop our AI approach, partnerships and strategy.

Weight loss drugs

The Board believes that the increased availability of weight loss drugs on the NHS poses both an emerging risk and an opportunity for The Gym Group. There is a potential risk that individuals choose to move away from using exercise as a way of managing their weight in exchange for what they perceive to be an easier option. However, when GPs are prescribing weight loss drugs, they are advised to recommend that the drugs should be taken alongside a reduced-calorie diet and increased physical activity. We continue to evaluate both the risks and opportunities presented.



Going concern and viability statement

Going concern

In assessing the going concern position of the Group for the year ended 31 December 2024, the Directors have considered the following:

- the Group's trading performance in 2024 and throughout the traditional January and February 2025 peak period;
- future expected trading performance to 30 June 2026 (the going concern period), including membership levels and behaviours in light of the continued difficult macroeconomic environment; and
- the Group's financing arrangements and relationship with its lenders and shareholders.

Trading in 2024 was strong, with membership at the end of December 2024 reaching 891,000, an increase of 5% from the end of December 2023. Average revenue per member per month ('ARPM') for the year was £20.81, up 7% from £19.50 in the prior year. Ultimate, the premium price product, ended the year at 29.6% of total membership compared with 31.7% in December 2023. As a result, revenue increased by 11% to £226.3m (2023: £204.0m), and Group Adjusted EBITDA Less Normalised Rent at £47.7m was 24% better than in 2023.

The Group also reported strong cash generation in the year, with free cash flow of £37.5m (see Note 23 to the consolidated financial statements for a reconciliation to Net cash inflow from operating activities) being generated and used to fund 12 new site openings and a number of major refurbishments and enhancements, as well as significant investment in technology.

On 28 June 2024, the Group agreed a new facilities agreement with its existing banking syndicate, which came into effect on 1 July 2024. Under the new agreement, the Group has in place a combined £90m facility, consisting of £45m of Term Loan and £45m of RCF. The new facility is due to mature in June 2027. Drawings under the facilities continue to be subject to quarterly financial covenant tests on Adjusted Leverage (Non-property Net Debt divided by Group Adjusted EBITDA Less Normalised Rent must not exceed 3.0 times) and Fixed Charge Cover (Adjusted EBITDAR to Net Finance Charges plus Normalised Rent must be greater than 1.5 times).

As at 31 December 2024, the Group had Non-Property Net Debt (including non-property leases) of £61.3m, consisting of £61.0m drawn debt under the RCF, £3.3m of non-property leases and £3.0m of cash. The Directors believe that this measure of net debt best reflects the financial health of the business.

In addition, it is a key constituent of the Adjusted Leverage covenant included in the Group's banking agreement as noted above. Headroom under the bank facilities at 31 December 2024 (drawn debt less cash) was £32.0m. Adjusted Leverage was 1.3 times and Fixed Charge Cover was 1.9 times.

Following the January and February 2025 peak trading period, closing membership at 28 February 2025 was 951,000, an increase of 7% on the position at 31 December 2024, demonstrating that the low cost gym model remains resilient and spend on gym membership continues to be prioritised.

Despite the continued strong trading performance, the Directors have continued to take a cautious approach to planning. The base case forecast for the period to 30 June 2026 anticipates some growth in yields across the whole estate as a result of pricing optimisation actions identified as part of the Next Chapter growth plan. Modest increases in membership levels are driven largely by the sites opened in 2023 and 2024, and not by growth in the mature estate.

In addition, the Directors have continued to take a measured approach to new site openings throughout the plan period, with all new sites assumed to be self-financed. Under this scenario, the financial covenants are passed with headroom, and the Group can operate comfortably within its financing facilities.

The Directors have also considered a severe downside scenario in which membership numbers in the mature estate decline by approximately 4%. Yields continue to grow, but at a much more modest rate than in the base case. In this scenario, the number of new site openings is reduced to conserve cash, expenditure on maintenance and marketing is reduced slightly, and discretionary performance-related bonuses and share based payment funding are removed. Under this scenario, the financial covenants continue to be passed, and the Group continues to operate within its financing facilities.

The Directors have also considered a reverse stress test scenario to ascertain the extent of the downturn in trading that would be required to breach the Group's banking covenants or liquidity requirements. Mitigating actions assumed in this scenario include moving to a minimum level of maintenance and technology capital expenditure; further reducing controllable operating costs and marketing expenditure; and pausing the new site opening programme in order to preserve cash.



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In this scenario, the closing membership would need to decline by 23% from April 2025 before the Fixed Charge Cover covenant would be breached in June 2026. The Group would, however, continue to operate within its current level of debt capacity and the Adjusted Leverage ratio would not be breached.

In the event of a reverse stress test scenario, the Directors would introduce additional measures to mitigate the impact on the Group's covenants and liquidity, including: (i) even greater reductions in controllable operating costs, marketing and capital expenditure; (ii) discussions with lenders to secure a covenant waiver; and (iii) deferral of, or reductions in, rent payments to landlords. The Directors consider the reverse stress test scenario to be highly unlikely.

Conclusion

The Board has reviewed the financial plan and downside scenarios of the Group and has a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 June 2026. As a result, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements. In making this assessment, consideration has been given to the current and future expected trading performance; the Group's current and forecast liquidity position and the support received to date from our lenders and shareholders; and the mitigating actions that can be deployed in the event of reasonable downside scenarios.

Viability statement

As stated in the going concern assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 June 2026. However, in accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have also assessed the longer term viability of the Group, taking into account the Group's current position and the potential impact of the principal and emerging risks documented earlier in this report (including climate change risk) that would threaten its business model, future performance, solvency or liquidity.

The Directors have determined that the three year period to 31 December 2027 is an appropriate period over which to assess the Group's viability as:

- the Directors review a three year financial plan with management each year as part of an annual strategy review and the viability analysis is based primarily on this plan; and
- the period is sufficient to reflect the maturation of new sites opened in 2023 and 2024.

Whilst the viability review has considered all the principal risks identified by the Group, the Directors have concluded that the risks that would most materially threaten the Group's growth drivers, future performance, solvency or liquidity were operational gearing, member experience, the trading environment, our people, IT dependency and reliance on key suppliers.

Severe but plausible downside scenarios based on these risks were therefore created against which liquidity and debt covenant headroom analysis was performed. The Directors considered the fact that the Group's banking facilities of £90m are currently expected to expire in June 2027 and concluded that, based on regular discussions with participating banks and financial advisors, there is a realistic prospect that this will be extended to cover the whole of the viability assessment period.

The downside scenarios included modelling a severe but plausible decline in membership numbers compared with the base case plan and a significant increase in costs over and above that included in the base case plan. The Directors have also considered a reverse stress test scenario to ascertain the extent of the downturn in trading that would be required to breach the Group's banking covenants or liquidity requirements.

In the downside scenarios, the number of new site openings is reduced to conserve cash, expenditure on maintenance and marketing is reduced slightly, and discretionary performance-related bonuses and share based payment funding are removed to ensure that all financial covenants continue to be passed and the Group continues to operate within its financing facilities.

In the reverse stress test scenario, additional mitigating actions assumed include moving to a minimum level of maintenance and technology capital expenditure; further reducing controllable operating costs and marketing expenditure; and pausing the new site opening programme in order to preserve cash.

Having completed the above assessment, the Directors have concluded that the Group remains viable.



Strategic report
Non-financial and sustainability information

The table below sets out where stakeholders can find information in our Strategic report that relates to non-financial and sustainability matters detailed under section 414CB of the Companies Act 2006.

Reporting requirement	Where to find further information	Pages	Summary of relevant policies if applicable
Environmental matters	Sustainability report	34 to 45	Our environmental strategy is set out on page 46.
Climate-related financial disclosures	Task Force on Climate-Related Financial Disclosures report ('TCFD')	46 to 49	Our updated disclosures with regard to TCFD can be found on pages 46 to 49.
Employees	Sustainability report	34 to 45	The Group has relevant training for all employees which is served via a training portal. Our employee-related policies and procedures which include our privacy notice, family-friendly and inclusivity policies and all work-related policies, are available to employees on the intranet.
	Chief Executive's review	12 to 15	
	Principal risks and uncertainties – Our people	55	
Human rights	Sustainability report	34 to 45	It is prohibited for any employee or person working on our behalf to offer, give, request or accept any bribe. The Group has an Anti-Bribery and Anti-Corruption policy which sets out the relevant procedures. A copy can be found on our website at www.tggplc.com . The Company also has a Whistleblowing policy also available on our website.
	Modern slavery statement		
Social matters	Sustainability report	34 to 45	Our approach to diversity, equal opportunities and promoting wellbeing are set out on pages 36 to 41. Our Diversity and Inclusion manifesto can be found on our website at www.tggplc.com .
Business model	Introduction to our business – Our investment case	02	An explanation of the Group's business model can be found on page 2.
Principal risks	Principal risks and uncertainties	50 to 60	The Board has a process for considering the principal risks as set out on pages 50 to 51.
Financial and non-financial KPIs	Key performance indicators ('KPIs')	32 to 33	The Board approves relevant KPIs for use as set out in the Strategic report on pages 32 to 33.
Relationships with suppliers, members and others	Section 172 statement	75 to 79	The Group has a number of policies and procedures underpinning its commitment to high standards of business conduct, which are available to all employees on the intranet.

On behalf of the Board

Will Orr
 Chief Executive Officer
 12 March 2025

Governance report

Introduction from the Chair of the Board

Dear Shareholder

I am pleased to introduce the 2024 Governance report on behalf of the Board. The Governance report forms part of the Directors' report.

“It is imperative that we have the right balance of skills, experience, knowledge and perspectives around the table to ensure robust debate, constructive challenge and positive engagement on strategy.”

John Treharne | Chair of the Board



Purpose and culture

The Gym Group's purpose is to break down barriers to fitness for all, and the Board fully supports and promotes this by conducting its business according to our core values: take the first step, realness, friendliness and challenging our limits. Our purpose and values are reinforced by our people-first culture as a business and the Board and management consider the interests of the Company's stakeholders when making decisions to ensure that the Group remains focused on our stated purpose and values.

The Board is responsible for ensuring that our culture is aligned with our strategy through monitoring and providing constructive challenge. The Board discharges this duty by reviewing the relevant policies, practices and behaviours adopted throughout the business, including its own conduct as a Board and the conduct of its individual Directors.

During 2024, the Board had oversight of the Group's culture and how it is being embedded across the business, through various formal updates, including those on employee engagement survey results; stakeholder engagement as set out in the Section 172 statement on pages 75 to 79; diversity and inclusion at Board level and across the wider business; effectiveness of the Group's talent management process; risk management, internal control, anti-bribery and whistleblowing arrangements; mandatory employee training completion rates; strategy, operations, health and safety, investor relations, ESG and sustainability, governance and technology from our Executive Committee and senior leadership team; independent feedback from our external advisors; and Board and Director performance reviews as described in the Report of the Nomination Committee on pages 80 to 83.

We held our annual conference in November 2024 where I, along with colleagues at managerial level and above from across the UK, came together for updates and an opportunity to provide feedback on our strategy, operations and employee benefits. It was also an opportunity to celebrate our successes, our people and our values as a business. Positive feedback on the event was received from colleagues and we look forward to coming together again in 2025.

Board composition

It is imperative that we have the right balance of skills, experience, knowledge and perspectives around the table to foster robust debate, constructive challenge and positive engagement on strategy. An internal review of the performance of the Board, its Committees and individual Directors was conducted in respect of 2024. The Board is also in the process of recruiting an additional independent Non-Executive Director to replace Emma Woods and David Kelly, who both stepped down from the Board in 2023, to ensure that we have adequate bandwidth as well as the right balance of skills and expertise on the Board.

It is important that all Board members receive a full, formal and tailored induction and receive the information and access to resources they need to carry out their duties and responsibilities. These and other activities are the responsibility of the Nomination Committee. Further details may be found in its report on pages 80 to 83.

Independence and responsibilities

The independence status of the Directors is set out on page 73. The roles and key responsibilities of the members of the Board are explained in the Corporate Governance report on pages 71 to 72.

Shareholder and workforce engagement

Myself and other members of the Board engaged with shareholders throughout the year to understand their views on the Company's strategy, financial performance and governance matters, namely remuneration, audit and Board composition.

During 2024, I was also appointed by the Board as the Workforce Engagement Director and worked with the Chief People Officer and Company Secretary to determine the most effective ways to engage with our colleagues and better understand their views and interests. Anonymous feedback was provided to the Board from our first cycle of employee listening sessions at the end of 2024. Further sessions will be held in 2025 followed by a full review of the feedback received with outcomes to be disclosed in the 2025 Annual Report and Accounts. Our engagement with shareholders, colleagues and other key stakeholders in 2024 may be found in the Section 172 statement on pages 75 to 79.

Talent, diversity and succession

In 2024, we continued to focus on succession and talent management for the Board, Executive Committee and throughout the business by conducting robust talent sessions centred on performance, critical talent, development, diversity and succession planning. We also formalised our Board Diversity and Inclusion Policy, which has been published on the policy section of our corporate website.

Progress on encouraging strong performance and retention of the best possible talent and resource within the business can be found in the Sustainability report on pages 34 to 45.

Sustainability

We continue to improve and enhance our sustainability reporting. The Sustainability Committee oversees our sustainability strategy, ensuring that such matters are supported by robust governance streams and that they continue to be a focal point for the Board in its decision-making. In 2024, we continued to make further progress on measuring the Social Value of our gyms. See further details in the Sustainability report on pages 34 to 45.

AGM

Our AGM is planned for 8 May 2025, and I look forward to meeting shareholders there.

John Treharne

Chair of the Board

12 March 2025

UK Corporate Governance Code compliance statement

The UK Corporate Governance Code 2018 (the 'Code') was the key governance measure for the financial year ended 31 December 2024 (the Code can be found at www.frc.org.uk). Throughout the reporting period, the Company complied with the principles and provisions of the Code, except for the following:

Provision 9

John Treharne, was not considered independent on appointment as Chair of the Board in July 2022 as he is the founder of The Gym Group and formerly held the positions of CEO until September 2018 and Founder Director until July 2022.

During 2024, the Senior Independent Director consulted with other members of the Board and separately with the Company's major shareholders, on John Treharne's continuation as Chair of the Board for the short

to medium term. It was agreed that this arrangement continued to be appropriate, subject to ongoing review.

In February 2025, this support was further bolstered by the results of the Chair of the Board's internal performance review, which concluded that John continues to be effective in role. Further details may be found in the Report of the Nomination Committee on pages 80 to 83.

Code compliance in 2024

Our governance reporting follows the order set out in the Code:

Board leadership and Company purpose and division of responsibilities – see pages 70 and 71 of the Corporate Governance report, respectively.

Composition, succession and evaluation – see pages 80 to 83 of the Report of the Nomination Committee.

Audit, risk and internal control – see pages 84 to 89 of the Report of the Audit and Risk Committee.

Remuneration – see pages 92 to 109 of the Report of the Remuneration Committee.

Governance report
Board of Directors



John Treharne
Chair of the Board

Committees

N S

Career

John was appointed Chair of the Board and Nomination Committee in July 2022. John founded The Gym Group in 2007 and has over 30 years' experience in the health and fitness industry including the launch of Dragons Health Club plc in 1991, before its flotation on AIM in 1997 and sale to Crown Sports plc in 2000. He is currently a member of the ukactive and Europe Active boards and chair of The Padel Club.

Board skills and experience

John's wealth of operational and leadership experience and knowledge of industry trends offers the Board valuable context to develop its strategy and inform its decisions. As founder of The Gym Group, John has an unmatched network of industry connections and corporate knowledge used to support the business and the Board's evolution. As Board Chair, John provides stability and continuity in leadership.

Other appointments

ukactive
Board member
EuropeActive
Board member
The Padel Club
Chair



Will Orr
Chief Executive Officer

Committees

S

Career

Will joined The Gym Group as Chief Executive Officer ('CEO') in September 2023. Will was formerly managing director of Times Media Limited, publisher of the Times and Sunday Times, and previously held managing director roles for RAC and British Gas (Centrica Plc). Will is a Fellow of the Marketing Society and has an MBA from London University.

Board skills and experience

Will brings significant experience developing and delivering sustainable customer growth strategies (including pricing, proposition, digital marketing and retention strategies) as well as operational expertise in businesses where customer experience is critical.

Other appointments

None



Luke Tait
Chief Financial Officer

Committees

Career

Luke joined The Gym Group as Chief Financial Officer ('CFO') in October 2022. Luke is a chartered management accountant and was formerly Group CFO of Nando's Group Holdings Limited, the global restaurant business, which he joined in 2017. Prior to this, he held various finance roles at SSP plc, including CFO of the UK and US businesses and group corporate finance director, finishing his time as group financial controller.

Board skills and experience

Luke brings broad experience to the Board from global leisure businesses to lead the finance function. Luke has worked with the leadership and stakeholders across The Gym Group to ensure it is well placed to capitalise on the significant market opportunities ahead.

Other appointments

None



Elaine O'Donnell
Senior Independent Director

Committees

N A R S

Career

Elaine joined The Gym Group in August 2022 and is Senior Independent Director and Chair of the Audit and Risk Committee. She is also chair of the Audit Committee and senior independent director of On the Beach Group plc, and chair of the Audit and Risk Committee of SThree plc. She was formerly chair of Games Workshop plc until 31 December 2022, having served in various roles on that Board since 2013. Elaine was previously a partner at Ernst & Young and is a chartered accountant.

Board skills and experience

Elaine brings to the Board extensive experience as a non-executive director, plc chair and committee member of a diverse range of businesses. Elaine's financial knowledge and expertise in addition to her online retail industry experience, supports the Board in its oversight of the Group's financial reporting and related controls and provides valuable insight on strategic and commercial matters.

Other appointments

On the Beach plc
Senior Independent Director and Chair of the Audit Committee
SThree plc
Chair of the Audit & Risk Committee



Simon Jones
Non-Executive Director

Committees

N A R S

Career

Simon joined The Gym Group in February 2023 and is currently the CEO of Away Resorts. Prior to this role he was managing director for Premier Inn and Restaurants and UK and global commercial director at Whitbread, leading the UK business for Premier Inn and Whitbread's portfolio of restaurant brands since 2016.

Simon was also marketing and strategy director at Premier Inn and, before joining Whitbread in 2012, had over 15 years' experience as a strategy consultant, working with a variety of clients across the retail and hospitality space, latterly as a partner at OC&C Strategy Consultants.

Board skills and experience

Simon has extensive commercial and operational experience in building UK-wide businesses whose customer proposition is based on value and quality, which is invaluable to the Board's discussions and future growth plans.

Other appointments

Away Resorts
CEO



Wais Shaifta
Non-Executive Director

Committees

N A R S

Career

Wais joined The Gym Group in February 2021 and is the Chair of the Remuneration and Sustainability Committees. He is also an independent non-executive director at The Co-operative Group, Reach plc and Snappy Shopper, as well as the senior independent trustee at the Football Foundation and an operating partner to Samaipata.

Previously, Wais held executive and other leadership positions in group operations, digital technology, product, business development, M&A and international expansion at both Just Eat and Treatwell. Following that he was the CEO of Push Doctor and PrivateDoc.

Board skills and experience

Wais is an expert in digital growth and transformation. His background in leading technology businesses gives him a strong understanding of the vital role technology plays in our drive to remain relevant to members. Wais's experience of healthcare businesses also means he is well aligned with our purpose to provide access to affordable fitness for all.

Other appointments

The Co-operative Group
Non-Executive Director
Reach plc
Non-Executive Director
Snappy Group
Non-Executive Director
Football Foundation
Senior Independent Trustee
Samaipata
Operating Partner



Richard Stables
Non-Executive Director

Committees

N

Career

Richard joined The Gym Group in August 2022 and is a chartered accountant and an experienced corporate financier, having spent 32 years at Lazard. Currently, Richard is a partner at Fulcrum Advisory Partners LLP, an independent advisory firm, a senior advisor to Blantyre Capital and a non-executive director at Archer.

Board skills and experience

Richard brings his strong experience of corporate finance and understanding of the UK financial markets to support the Board in its strategic direction and decision-making, deepening the Board's skillset for the future.

Other appointments

Fulcrum Advisory Partners LLP
Partner
Blantyre Capital
Senior Advisor
Archer Ltd
Non-Executive Director

On 31 January 2024, Annmarie Murphy, formerly COO, stood down from the Board.

Committees

- N** Nomination Committee
- A** Audit and Risk Committee
- R** Remuneration Committee
- S** Sustainability Committee
- C** Chair

Governance report

Executive Committee



Jon Baker
Operations Director

Career
Jon joined The Gym Group in 2012 as a Regional Manager, undertaking a number of operational leadership roles before becoming Operations Director in 2022. Jon brings 25 years' experience in the fitness sector, and prior to joining The Gym Group, held operational roles at Total Fitness and Life Leisure.

Jon has been at The Gym Group for 13 years and brings valuable experience to deliver operational excellence as the Company has grown to over 240 gyms. Jon also provides effective operational leadership to support the business growth plans.



Catherine Ferma
Operations Director

Career
Catherine joined The Gym Group in 2021 in a project lead role as Head of Operations Transformation, before becoming Operations Director in 2022. Catherine has over 25 years' experience in operational roles from the fitness and beauty sectors, including The Club Company and PlayFootball.

Catherine brings valuable operational leadership experience to deliver sector-leading member rated experiences in all of our gyms. Catherine also leads on several operational initiatives to drive the business growth plans.



Ruth Jackson
Chief People Officer

Career
Ruth joined The Gym Group as People and Development Director in October 2022 and was promoted to Chief People Officer in December 2023. Prior to joining The Gym Group, Ruth held a number of senior HR positions in leading leisure and hospitality businesses, including people director for Zizzi Restaurants (Azzurri Group) and at Cote Brasserie, and spent over 11 years at Whitbread in a variety of HR roles.

Ruth has extensive HR and operational experience in driving employee engagement and fostering positive team culture to support business growth.

During her time at The Gym Group, Ruth has realigned the People team to deliver high value support to all areas of the business, focusing on creating high performing teams through talent performance, development and retention.



Milan Juza
Chief Technology Officer

Career
Milan joined The Gym Group in March 2023 to lead the Tech and Product function. Prior to joining TGG, Milan led a global e-commerce technology team at TUI Group and also brings a wealth of technology leadership and digital product delivery experience from several industries including telecoms, media and financial services.

During his career, Milan has led and successfully delivered several large-scale technology and business transformation initiatives, as well as numerous market-leading innovations and services. Milan is passionate about building and growing high performing teams and organisations, creating real business advantage through technology, and helping organisations to grow business agility.



Tina Koehler
Chief Commercial Officer

Career
Tina joined The Gym Group as Chief Commercial Officer in September 2024, leading the Commercial Marketing Team, and with lead responsibility for member and revenue growth. Tina has over 20 years of experience, including senior commercial and marketing roles at Procter & Gamble, Amazon and Audi. Prior to joining The Gym Group, Tina was chief marketing officer at Deliveroo.

Tina has extensive marketing and commercial experience to help drive business growth. At The Gym Group, Tina is responsible for marketing and brand proposition, pricing and promotion, commercial proposition and portfolio, as well as PR and communications.



Hamish Latchem
Chief Property Officer

Career
Hamish joined The Gym Group as Chief Property Officer in December 2024, to lead the property, facilities, and gym format teams. Hamish joined The Gym Group from ALDI, where he spent the previous 13 years, and was National Store Development Director.

Hamish brings valuable property and operational experience to deliver on the Company's accelerated strategic growth plans. At The Gym Group, Hamish is responsible for property acquisition, facilities and estate management, sustainability, as well as gym format and design.



Nick Shelmerdine
Director of Strategy and Corporate Development

Career
Nick joined The Gym Group in November 2021 and was formerly associate partner at OC&C Strategy Consultants and managing director of delivery at The Restaurant Group plc, focused on building a food delivery business and major transformation projects. Nick brings his expertise in growth strategy, M&A, business development and change in the consumer and leisure space to the Executive Committee.

During his time at The Gym Group, Nick has been crucial in the development of the strategic direction of the business and delivers a more forward-looking approach to decision-making to evaluate and seize new growth opportunities.

During the year, Catherine Ferma and Jon Baker were appointed to the Executive Committee following Annmarie Murphy's resignation as COO in January 2024. Tina Koehler also joined as Chief Commercial Officer in September 2024 and Hamish Latchem was appointed as Chief Property Officer following David Melhuish's retirement in December 2024.



How the Board and Executive Committee work together

The Board and Executive Committee work together to ensure the robust governance of the business and successful execution of our strategy. Over the year, the Board and Executive Committee continued to work closely on delivering transformational change projects in strategy and the consumer proposition with a focus on ensuring that the Group is well resourced, motivated and driven by our purpose to break down barriers to fitness for all.

Will Orr, CEO and Luke Tait, CFO are also members of our Executive Committee and their biographies are on page 66.

Governance report

Corporate Governance report

Board leadership and Company purpose

Governance

Role of the Board

The Board is the principal decision-making body in the Group. It is collectively responsible for promoting the long term success of the business for the benefit of its shareholders, achieving this through the creation and delivery of sustainable shareholder value.

The Board also carefully considers its wider stakeholders, including colleagues, members and suppliers, when making decisions. Further information can be found in our Section 172 statement on pages 75 to 79.

In addition to setting the strategy of the business and overseeing its implementation by management, the Board provides leadership to the business on purpose, culture, values and ethics, sustainability, monitoring overall financial performance of the business, and ensuring effective corporate governance, succession planning and stakeholder engagement. The Board is also responsible for ensuring that effective internal control and risk management systems are in place. The matters reserved for the Board can be found on our website.

Board Committees

The Board has formally delegated certain governance activities to its Board Committees to assist with fulfilling its responsibilities, as outlined in the table below.

Division of responsibilities

The Board and its Committees have a scheduled programme of meetings aligned to the updated strategy, to ensure that sufficient time is allocated to each key area and the Board's time is used effectively. As at 31 December 2024, our Board comprised three independent Non-Executive Directors, of which one acts as Senior Independent Director, one non-independent Non-Executive Director, two Executive Directors and the Chair of the Board. Each of their responsibilities is listed on pages 71 to 72 and more information on their specific contributions to the business can be found in their biographies on pages 66 to 67.

The Chair of the Board and the Non-Executive Directors also met without the Executive Directors being present, and the Senior Independent Director held discussions with the Non-Executive Directors without the Executive Directors or the Chair of the Board being present.

Directors were made aware of the key discussions and decisions made at each of the four principal Committees, this included the Chair of each Committee providing summaries of the key matters discussed at each of their respective meetings at the next Board meeting.

On the occasion that a Director is unavoidably unable to attend a scheduled meeting, they receive a briefing from the respective Chair, so that their comments and input may be taken into account at the relevant meeting, and the Chair provides an update to them after the meeting.

There is sufficient flexibility for items to be added to the agenda, which enables the Board to focus on key matters relating to the business at the right time.

Governance structures as at 31 December 2024

The Board

The schedule of matters reserved for the Board includes the consideration and approval of:

- the Group's strategic aims, objectives and commercial strategy;
- review of performance relative to the Group's business plans and budgets;
- major changes to the Group's corporate structure, including acquisitions and disposals;
- material capital expenditure;
- the financial statements, Group dividend policy and interim results;
- major changes to the capital structure, including tax and treasury management;
- major changes to accounting policies or practices;
- the system of internal control and risk management;
- the Group's overall risk appetite; and
- the Group's corporate governance and compliance arrangements.



Board Committees

The Board formally delegates certain matters to the Committees set out below.



Nomination Committee

See report on pages 80 to 83

Audit and Risk Committee

See report on pages 84 to 89

Sustainability Committee

See report on pages 90 to 91

Remuneration Committee

See report on pages 92 to 109

Roles and key responsibilities

Chair of the Board

John Treharne was appointed Chair of the Board in July 2022. His responsibilities include:

- The leadership, effectiveness and governance of the Board.
- Setting the agenda, style and tone of Board discussions with a particular focus on strategic matters.
- Ensuring each Non-Executive Director makes an effective contribution to the Board.
- Ensuring that the Directors receive accurate, timely and clear information.
- Chairing the Nomination Committee.
- Promoting a culture of openness and debate.
- Facilitating constructive Board relations.

Chief Executive Officer ('CEO')

Will Orr's responsibilities as Chief Executive Officer include:

- Proposing the strategic objectives of the Group for approval by the Board and delivering the strategic and financial objectives in line with the agreed purpose and strategy.
- Leading the Executive Committee and senior management in managing the operational requirements of the business.
- Providing clear and visible leadership of our shared values.
- Responsibility for the effective and ongoing communication with colleagues and shareholders.

Chief Financial Officer ('CFO')

Luke Tait's responsibilities as Chief Financial Officer include:

- Working with the CEO and Executive Committee to develop and implement the Group's strategic and financial objectives in line with the agreed purpose and strategy.
- Ensuring that the Group remains appropriately funded to pursue the strategic objectives.
- Investor relations activities and communications with shareholders.
- Monitoring the financial performance of the Group.
- Financial reporting including the preparation of the Annual Report and Accounts.

Governance report

Corporate Governance report continued

Roles and key responsibilities continued

Senior Independent Director ('SID')	
Elaine O'Donnell became the SID in January 2024. Elaine's responsibilities include:	<ul style="list-style-type: none"> Acting as a sounding board for the Chair of the Board and serving as an intermediary for the other Directors as necessary. Acting as lead independent Non-Executive Director. Leading the Non-Executive Directors in the performance evaluation of the Chair of the Board, with input from the Executive Directors. Meeting with shareholders in the event that the Chair of the Board or the Executive Directors are unavailable and where otherwise appropriate.
Non-Executive Directors	
Responsibilities of the Non-Executive Directors include:	<ul style="list-style-type: none"> Constructively challenging management proposals and providing advice in line with their respective skills and experience. Helping develop proposals on strategy. Having a prime role in appointing and, where necessary, removing Executive Directors. Contributing to succession planning at Board and senior management levels.
Company Secretary	
The Company Secretary's responsibilities include:	<ul style="list-style-type: none"> Supporting the Chair of the Board and the Non-Executive Directors with their responsibilities. Advising on regulatory, compliance and corporate governance matters. Facilitating individual induction programmes for Directors and assisting with their development as required. Communications with shareholders and organisation of the AGM. Keeping a record of Board and Committee discussions and tracking actions.

Board meetings

The Board's programme of meetings allows key areas of focus to be established and reviewed on a regular basis. Scheduled Board meetings are predominantly held in person, with additional virtual and hybrid meetings facilitated where required. Management teams and colleagues attend to support the Board's assessment of performance, discuss progress and agree key priorities.

The below table shows the attendance of Directors at scheduled Board meetings in 2024.

	Board	Nomination Committee	Audit and Risk Committee	Sustainability Committee	Remuneration Committee
John Treharne	8/8	3/3	N/A	3/3	N/A
Will Orr	8/8	N/A	N/A	3/3	N/A
Luke Tait	8/8	N/A	N/A	N/A	N/A
Wais Shaifta ¹	7/8	2/3	5/5	3/3	3/3
Ann-marie Murphy ²	0/8	N/A	N/A	N/A	N/A
Elaine O'Donnell	8/8	3/3	5/5	3/3	3/3
Richard Stables ³	8/8	2/3	N/A	N/A	N/A
Simon Jones	8/8	3/3	5/5	3/3	3/3

¹ Due to illness, Wais Shaifta was unable to attend meetings of the Board and the Nomination Committee on 8 February 2024. He attended all other meetings during the year.

² Ann-marie Murphy stood down from the Board on 31 January 2024.

³ Due to an administrative error, Richard Stables did not attend a meeting of the Nomination Committee. He attended all other meetings during the year.

Director independence

In line with the Code, John Treharne, Chair of the Board, was not deemed independent on appointment given he is the founder of The Gym Group and having previously been an Executive Director of the Company. Non-Executive Directors Wais Shaifta, Elaine O'Donnell and Simon Jones all of whom served during the year, were deemed independent on, and during, their appointments. As a result of his connections with one of the Company's major shareholders, Richard Stables was not considered independent on appointment to the Board.

The independence of the Non-Executive Directors is closely monitored by the Board on an ongoing basis.

How the Board spent its time

The Board measures the time spent on strategy, financial, governance and operational performance at each meeting. The biggest part of the Board's time was spent on strategy, followed by financial, governance and operational performance, which the Board considers to be appropriate. Minutes of all Board and Committee meetings are taken by the Company Secretary and circulated for comments and approval. Any concerns raised, or challenges made, by a Director are recorded in the minutes.

The following sets out the key areas of focus for the Board during the year:

Strategy
<ul style="list-style-type: none"> Strategy review and approval Site approvals and pipeline reviews Consideration of ESG and sustainability matters Performance management and talent review of executive management Functional reports including People, Operations and Health and Safety Trading environment reviews and consideration of market conditions Stakeholder engagement including feedback received from investors, employees and other key stakeholders Pricing and member plan reviews
Financial
<ul style="list-style-type: none"> Business performance, including trading updates and the market's response to announcements Preparation of the Annual Report and Accounts, including full and half year announcements Engagement with the Group's banks Updates on capital markets activities Budget and financial planning

Technology
<ul style="list-style-type: none"> Improved app and mobile web experience Technology investment and improvements
Governance
<ul style="list-style-type: none"> Approval of the Annual Report and Accounts Onboarding and development of Directors Succession planning and review of Board performance and composition Diversity and inclusion matters Risk management and internal control Remuneration policy considerations

Board skills and composition

Information and support

An agenda and accompanying papers are circulated to the Directors prior to the relevant meeting, usually a week in advance, via a secure digital platform. Given the fast-paced nature of the business, certain relevant information, such as the latest trading data up to the prior day, is shared with Directors at Board meetings. These include reports from Executive Directors on their areas of responsibility and additional reports from other members of senior management and external advisers. Members of senior management are often invited to present relevant matters to the Board. All Directors have direct access to senior management should they require additional information on any of the items to be discussed, and the Company Secretary, should they wish to discuss governance, procedural or administrative matters. The Board and the Audit and Risk Committee also receive regular and specific reports to allow the monitoring of the adequacy of the Group's system of risk management and internal control (further details may be found in the Report of the Audit and Risk Committee on pages 84 to 89).

The information supplied to the Board and its Committees is kept under review and is formally assessed on an annual basis as part of the Board performance review to ensure it remains relevant and enables sound decision-making. Further details on the 2024 internal Board performance review may be found in the Report of the Nomination Committee on pages 80 to 83.

Training and development

The Group has developed an induction programme to provide new Directors with a formal and tailored orientation that includes visiting several operational locations. The Board and Committees' agenda items include the briefing of Directors on a wide range of topics, such as corporate governance, legal and regulatory requirements.

Additionally, Directors have access to the advice and services of the Company Secretary and independent, and professional external advice at the Group's expense, should they determine that this is necessary to discharge their duties.

Governance report

Corporate Governance report continued

Election and re-election of Directors

The Board considers all Directors to be effective, committed to their roles and to have sufficient time to perform their duties. In accordance with the Articles of Association, all Directors will offer themselves up for re-election at the Company's AGM in May 2025 ('2025 AGM').

All of the Directors have service agreements or letters of appointment in place and the details of their terms are set out in the Report of the Remuneration Committee. The service agreements and letters of appointment will be available for inspection at the Company's registered office during normal business hours from the date of the Notice of the 2025 AGM until the conclusion of that meeting. On the date of the 2025 AGM, they will also be available at the meeting venue for inspection.

Directors' conflicts of interest

No Directors took on additional significant commitments during the year, which impacted their ability to carry out their duties to the Company. All Directors acted in line with the Group's Conflicts Policy.

As at 31 December 2024 and the date of this report, none of the Directors held a material interest in any contracts that the Company, or any subsidiary undertaking of the Company, is a party to.

Relationship with shareholders

Ensuring a satisfactory dialogue with shareholders and receiving reports on the views of shareholders is a key matter reserved for the Board.

The Board is committed to maintaining good communications with existing and potential shareholders. During the year, there was regular dialogue with institutional shareholders in order to develop an understanding of their views, which were communicated back to, and discussed with, the Board.

These discussions were primarily led on separate occasions by the Chair of the Board, the Senior Independent Director, the Remuneration Committee Chair and the Executive Directors and covered strategy, Board composition, business performance, results (at the year end and half year), audit and remuneration matters.

Presentations were delivered to analysts and investors as part of the annual and interim results roadshows by the CEO and CFO. These presentations and further information may be found in the investors' section of the Group's website at www.tggplc.com. Management also conducted meetings with institutions that focused on the retail shareholder base.

Additionally, the Board receives regular investor feedback through our joint brokers, Deutsche Numis and Peel Hunt, both in-person at Board meetings and from written updates, as well as from our remuneration consultants, PricewaterhouseCoopers, who provides updates to the Remuneration Committee on institutional shareholders' views.

A timetable for press engagements on commercial and corporate matters is managed through our public relations adviser, Instinctif Partners.



Governance report

Section 172 statement

Section 172 ('s172') of the Companies Act 2006 imposes, on the Company's Directors, a duty to act in the interests of a broad range of stakeholders. A summary of how the Board complied with this duty is set out below and in the Directors' report on page 112.

Who they are and why they matter	How we engaged during 2024	Outcomes of that engagement	Impact on Board decision-making
<p>Shareholders</p> <p>Our shareholders provide capital for growth, as well as challenge and feedback on our business model and strategic plans. In exchange we aim to provide long term capital growth and a fair, balanced and understandable representation of the Company's and the Group's strategy and performance.</p>	<ul style="list-style-type: none"> Regular calls and meetings with our current and prospective shareholders on strategy, financial performance and governance matters. Consultation with major shareholders on the revision of the Directors' Remuneration Policy. Annual General Meeting. Presentations given to shareholders on the release of annual and interim results, the Group's revised strategy and ESG plans and targets. Radio presentations and news articles on the Company's operations, promotions and results. Site visits with current and prospective shareholders, as well as for broker education. Feedback from our joint brokers following investor engagement and reports on market trends. Reporting to the Board as a whole on investor matters. 	<p>Our shareholders are better informed about our business and long term strategy and we gain insight into their views.</p> <p>Increased analyst coverage, which aids investors' understanding of the strategy and performance.</p> <p>The approval and implementation of a Directors' Remuneration Policy that is better aligned to the Company's Next Chapter growth plan. It is noted that more than 20% of shareholders' votes were received against the relevant resolutions at the 2024 AGM. A statement has been published on the Company's website disclosing our follow up actions.</p>	<p>Shareholders' views were taken into consideration, alongside other relevant factors, in the Board's decisions:</p> <ul style="list-style-type: none"> On the Group's Next Chapter growth plan, see page 16 of the Strategic report. Not to recommend a dividend in respect of the financial year 2024, see page 29 of the Strategic report. On succession planning for the Chair of the Board, as disclosed in the Report of the Nomination Committee on page 81. On changes to the Directors' Remuneration Policy and TGG Incentive Plan as reported in the 2023 Annual Report and Accounts. To appoint a new external auditor, see the Report of the Audit and Risk Committee on pages 87 to 88.

Governance report
Section 172 statement continued

Who they are and why they matter	How we engaged during 2024	Outcomes of that engagement	Impact on Board decision-making
<p>Employees</p> <p>Our employees define our culture and values. Fostering an engaged workforce is central to our strategy, enabling us to continue our delivery of exceptional service that keeps us at the forefront of our sector. Our friendly, inclusive and people-centred culture continues to be a key part of our success.</p>	<ul style="list-style-type: none"> Employee engagement surveys. Annual and half year performance reviews and objective setting. Employee listening sessions with the Workforce Engagement Director. Annual conference for gym support and gym managers to share information about the Company's future plans and engage with, energise and recognise our teams. Monthly all staff hybrid business updates. Learning and development training modules and self-improvement seminars. Reports from the Executive Committee and senior leadership team to Board. Through our Accelerate PT and Emerging Talent Programmes and The Gym Group Academy. Further details on employee engagement can be found in the Sustainability report on pages 34 to 45. 	<p>Our 'people first' approach contributed to our high engagement scores (96% response rate and a high employee engagement score placing us in the top 5% of consumer services benchmarking).</p> <p>We continue to have successful outcomes from our Accelerate PT and Emerging Talent programmes and The Gym Group Academy.</p> <p>The Gym Group was named in The Sunday Times' Best Places to Work 2024 in the big organisation category, scoring highly on diversity and inclusion, wellbeing and job satisfaction.</p>	<p>Employees' views were taken into consideration, alongside other relevant factors, in the Board's decisions on:</p> <ul style="list-style-type: none"> The relocation of our head office to Clapham Junction. Revisions to our employee talent management and performance review processes. Appropriate workforce engagement plans for the year. Employee benefits, including the recent implementation of doctorline, where our employees now have access to a general practitioner 24/7, over the phone.

Who they are and why they matter	How we engaged during 2024	Outcomes of that engagement	Impact on Board decision-making
<p>Members</p> <p>Our members help to create and grow demand for our services. Their feedback is invaluable in our ongoing efforts to evolve the quality of our offering, so it remains safe, accessible, affordable and highly desirable, delivering on our purpose of breaking down barriers to fitness for all.</p>	<ul style="list-style-type: none"> Members' overall satisfaction ('OSAT') scores. Customer satisfaction ('CSAT') scores, which relate to feedback on the quality of our customer service channels. Gym induction reviews logged through The Gym Group app. Google reviews. 	<p>We now offer HYROX training classes in 120 of our gyms, which are included as part of those membership packages.</p> <p>We have and continue to review the interior design of our gyms to create an optimal workout space our members can enjoy. This is visible in our new gym sites and is gradually being rolled out in our existing estate.</p> <p>We revamped our student product so that membership is now available on a 6, 9 or 12 month basis in addition to our usual membership packages.</p> <p>We've improved our customer response times including automated responses where beneficial.</p>	<p>We regularly review OSAT and CSAT scores at Board meetings and use this feedback to identify ways in which our member experience can be improved.</p>



Governance report
Section 172 statement continued

Who they are and why they matter	How we engaged during 2024	Outcomes of that engagement	Impact on Board decision-making
<p>Suppliers</p> <p>Our partnerships with our suppliers ensure we source the best value goods and services for the benefit of our members.</p> <p>High standards of ethics and business conduct is an important part of being a responsible member of the communities in which we operate.</p>	<ul style="list-style-type: none"> We publish our Payment Practices reports twice a year, which are available on the government website. Engagement by the Board and Audit and Risk Committee with our corporate brokers and external auditor, respectively. The external audit tender process. Meetings between members of the Board, Executive Committee and key suppliers such as our corporate advisors, main equipment suppliers and property management companies. Regular meetings between the Company Secretary, payroll and our share plans administrator. 	<p>We maintain helpful and positive relationships with our suppliers including our property management companies. We take care of our properties to a high standard and undertake our tenancy obligations responsibly.</p> <p>We contracted a new vending machine supplier, which we expect to provide an improved service to our members and better value for the Company.</p> <p>The appointment of Grant Thornton UK LLP as our new external auditor for the financial year ending 31 December 2025, see the Report of the Audit and Risk Committee on pages 84 to 89 for more details.</p>	<p>The Board and its Committees benefit from the specialised knowledge and services of its suppliers, especially corporate advisers, which helps them make better informed decisions.</p>
<p>Communities</p> <p>Being a valuable part of the communities in which we operate is hugely important to us. Providing safe, inclusive and affordable facilities is the foundation of fulfilling our purpose. We are proud that members exercising in our gyms creates Social Value for their local communities.</p>	<ul style="list-style-type: none"> Our low price model makes fitness more affordable and accessible, enabling a larger proportion of the population to benefit from exercise. We have a national charity partnership with NHS Charities Together to raise funds for NHS charities around the UK. Our employees have two paid volunteer days per year which we encourage them to use either with local NHS charities or other community-based projects. We work closely with local authorities to ensure our gyms are safe places for communities to visit, partnering with two primary authorities for health, safety and environmental matters and fire safety. Recruiting from a diverse pool of candidates to ensure our workforce is reflective of the communities in which we operate including our leadership, where currently 13.8% are from Black, Asian, Mixed and other ethnic communities. 	<p>Outcomes of our engagement can be found in the Sustainability report on pages 34 to 45.</p>	<p>The Board recognises the importance of contributing to wider society and considers it a vital part of achieving our purpose.</p> <p>The Board considers the long term impact of its operations as part of its sustainability strategy and has set up a Sustainability Committee that meets at least three times per year and reports directly to the Board.</p> <p>The Board considers diversity to be a focus for succession planning. See the Board's position on diversity on pages 81 to 83.</p>

Who they are and why they matter	How we engaged during 2024	Outcomes of that engagement	Impact on Board decision-making
<p>Environment</p> <p>The quality of our environment is central to society's health and wellbeing. Protecting the environment and minimising climate change is a collective responsibility and we recognise that we have to play our part in their achievement.</p>	<ul style="list-style-type: none"> Our SBTi targets have been validated and we are working towards decarbonising our Scope 1 and 2 emissions by 2035 and achieving net zero by 2045. We have set out our environmental strategy, activities and initiatives. During the year, we reviewed the risks and opportunities relating to climate change and expanded our 2024 TCFD report. <p>See the Sustainability report on pages 34 to 45</p> <p>See the TCFD report on pages 46 to 49</p>	<p>We are proud to be the first gym chain in the world with a validated SBTi target. As part of our net zero commitment to SBTi we have also committed to:</p> <ul style="list-style-type: none"> reducing Scope 3 GHG emissions covering purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting by 55% per gym by 2030 (from the 2019 base year); and ensuring that 25% of our suppliers by spend, covering purchased goods and services and capital goods, will have science-based targets by 2028. 	<p>Through these engagement methods the Board and Executive Committee become better informed and capable of identifying and addressing the immediate and longer term climate-related impacts on the business.</p> <p>Having clear targets means the Board and the Sustainability Committee are able to determine suitable methods of achievement and to effectively monitor progress.</p>
<p>Lending banks</p> <p>Our lending banks provide funds for growth and day-to-day working capital to enable us to operate and grow our business to its full potential.</p>	<ul style="list-style-type: none"> Management held a number of meetings with the lending banks in early 2024, to discuss the Group's Next Chapter growth plan, three year financial plan and current trading performance, with a view to agreeing new banking facilities. During the year, we provided regular updates on the Group's financial and trading performance, including performance against agreed debt covenants. Representatives from the lending banks are invited to our half year and full year results presentations. <p>See the Financial review on pages 24 to 31</p> <p>See the Report of the Audit and Risk Committee on pages 84 to 89</p>	<p>On 28 June 2024, the Group agreed a new facilities agreement with the same banking syndicate, which came into effect on 1 July 2024. Under the new agreement, the Group has in place a combined £90m facility, consisting of £45m of Term Loan and £45m of RCF. The new facility is due to mature in June 2027.</p>	<p>In financial plans discussed by the Board, analysis is presented on how these plans would impact debt covenants in order to ensure that the interests of the lending banks are protected.</p> <p>The Board's annual going concern and viability assessment is performed with specific reference to the level of borrowings required under different scenarios and the impact of such scenarios on debt covenants.</p>

Governance report

Report of the Nomination Committee

Committee members

Chair of the Committee	John Treharne
Committee members	Wais Shaifta Elaine O'Donnell Richard Stables Simon Jones

Number of meetings held in 2024 **3**

“We are confident that the Board is well placed to foster strategic growth and will continue to strengthen our position for the future.”

John Treharne | Chair of the Nomination Committee



Dear Shareholder

I am pleased to present the Report of the Nomination Committee (the ‘Committee’), and to report on developments since last year.

Role and responsibilities

The role of the Committee is to develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and reappointments to the Board. In addition, it is responsible for reviewing the succession plans for Executive and Non-Executive Directors and senior management. This involves:

- keeping under review the leadership needs of the Group, both Executive and Non-Executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- regularly reviewing the performance, structure, size and composition of the Board to ensure it has an appropriate balance of skills, diversity, experience, knowledge and independence, and reporting and making recommendations to the Board with regard to any changes; and
- regularly assessing the knowledge, skills and experience of individual Board members and reporting those results to the Board.

Committee areas of focus in 2024

- Leading the search for a new independent Non-Executive Director of the Board. As at the date of this report the search is ongoing and is expected to conclude before the upcoming AGM.
- Reviewed the performance and composition of the Board and its Committees and discussed succession plans for the Chair of the Board, the Executive Committee and the senior management team.
- Reviewed progress on diversity and inclusion initiatives, including the formalisation of a Board Diversity and Inclusion Policy (available on the Group’s website), which was approved by the Board on the Committee’s recommendation.
- Reviewed the strategies in place to develop and retain talent, in particular, a newly created reverse mentoring and coaching programme.
- Reviewed and implemented changes for the Non-Executive Directors’ appraisal process.

Succession planning at Board level

The Committee has put in place orderly succession plans for both Executive and Non-Executive Directors taking into account short, medium and long term considerations, governance requirements and the balance of skills, knowledge and experience required on the Board. The Committee will keep this process under regular review.

During 2024, the Senior Independent Director held discussions with other members of the Board and major shareholders on tenure and succession plans for my role as Chair of the Board, and led discussions on the matter at Committee level. Directors and the Committee are unanimous in their support of my continuation as Chair of the Board for the short to medium term and concluded that “(1) John brought stability to the Board, in his capacity as Chair of the Board, during significant strategic and managerial changes in 2023; (2) the existing Board dynamic remains effective; and (3) John’s unrivalled knowledge of TGG and the fitness industry continues to be of significant value to the Board and the business.” The matter will be kept under regular review by the Committee. Shareholders were supportive subject to ongoing development of a robust Board Chair succession plan.

We are in the process of recruiting an additional independent Non-Executive Director to replace Emma Woods and David Kelly, who both stepped down from the Board in 2023, to ensure that we have adequate bandwidth as well as the right balance of skills and expertise on the Board. The appointment will be disclosed through the appropriate channels, once approved, and will be subject to shareholder approval at the next AGM.

Succession planning beyond the Board

The Committee regularly reviews the composition and succession plans in place for members of the Executive Committee and their direct reports. The Committee received a report on the future model, capability and succession planning for key roles within the wider business, focusing on the Executive Committee and the senior management team with ongoing resource requirements in mind.

In addition, the CEO regularly briefs the Board about the performance of individual Executive Committee members and any changes that he proposes to make to this team. Whilst this activity does not take place formally within the meetings of the Committee, it does form part of its work in overseeing Executive Committee development, the overall succession process and the pipeline of talent available for succession to the Board.

Board members have regular contact with members of the Executive Committee and the wider senior management team, through formal Board presentations, attendance at annual strategy days, and regular visits to the head office and other Group sites, when Non-Executive Directors meet the team on a less formal basis. Non-Executive Directors also mentor and provide guidance to members of the Executive Committee and the senior management team, subject to the specific requirements of the mentee.

During the year, Alison Sagar left the business and was succeeded by Tina Koehler who joined as Chief Commercial Officer in September 2024. David Melhuish retired at the end of December 2024 and was succeeded by Hamish Latchem who joined the business as Chief Property Officer on 9 December 2024. Jon Baker and Catherine Ferma also joined as acting members of the Executive Committee in their roles as Operations Directors in early 2024 to replace Ann-marie Murphy, who resigned in January 2024. Their appointments were made official with effect from January 2025. Further details on the new members of the Executive Committee may be found in their biographies on pages 68 to 69.

Diversity and inclusion

Our Group Diversity and Inclusion Policy states that no individual should be discriminated against on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. Our policy is reflected in our approach to recruitment at all levels and is stated in our employee handbook which forms part of our employees’ service contracts.

During the year we also formalised our Board Diversity and Inclusion Policy, which was approved by the Board and will be reviewed on an annual basis. The objectives set out in the policy are aligned with the FCA’s Listing Rules and governance best practice, progress against which is set out overleaf. The policy can be found on the Group’s website.

We will be publishing our annual Gender Pay Gap report on our website in March 2025. Our mean gender pay gap is 9.4% (versus 0.6% in 2023). Our median pay gap remains consistent with 2023 reporting as most of our employees undertake the same role and are therefore on the same pay-rate, regardless of whether they are male or female. Our Gender and Ethnicity Pay Gap reports, will provide further details on our figures and the actions we are taking to address these gaps.

Governance report

Report of the Nomination Committee continued

Board diversity objectives	Progress
To continue to adopt a formal, rigorous and transparent process, taking into account diversity and inclusion, when considering the appointment of Directors. The Board is committed to using search firms that access talent from wide and diverse pools and whose values and approach in identifying and proposing suitable candidates, are aligned with the policy.	The Committee's terms of reference codifies its existing procedures for the appointment of new Directors, which are in line with best practice guidance. Board succession plans from a short, medium and long term view were also reviewed by the Committee.
To achieve and maintain, with respect to gender and ethnic diversity at Board and Committee levels, any legal and regulatory requirements particularly under the FCA's Listing Rules, recognising that unexpected changes in Board composition may result in temporary periods when this balance is not achieved.	At 31 December 2024: <ul style="list-style-type: none"> 14% of the Directors on the Board were female and 86% were male. A female held a senior position on the Board as Senior Independent Director. One Director on the Board was from a culturally diverse background. 33% of the Executive Leadership team were female and 67% were male.
To monitor progress in ensuring that a suitable number of roles are held by women and persons from ethnic minority backgrounds, at the Executive Committee level and below.	As is the annual practice, the Chief People Officer presented a report setting out its analysis of employee positions held by women and persons from an ethnic minority, as well as gender and ethnicity pay gaps across all levels of the Group.
To continue to facilitate a culture of inclusivity among Board and Committee members and to encourage active contributions from all Directors, recognising that a clear tone and example must be set at Board level.	Following the internal Board performance review conducted earlier in the year, it was found that the culture and dynamics of the Board, Directors' individual performance and meeting discussions continued to be effective and were in line with the Company's core values. These and other related matters will continue to be reviewed on an annual basis.

The Committee recognises that we did not meet the recommendations in Listing Rule 6.6.6 (9) (a) (i) – the requirement to have at least 40% of Board appointments held by women. As previously mentioned, the search for a new independent Non-Executive Director is underway, with diversity, merit based criteria and other relevant factors at the forefront of those deliberations. The Committee acknowledges that the composition of the Board is a matter that needs to be kept under review, especially in light of the diversity element, and will continue to evaluate the size and balance of the Board throughout 2025.

As at 31 December 2024, we had a total of 31% (582) and 69% (1,269) female and male employees, respectively. The Executive Committee's direct reports, comprising our senior leadership team and certain heads of departments, have 38% (eight) female and 62% (thirteen) male members. We believe we are making progress towards a more diverse leadership in all areas, including gender and cultural diversity, and are working towards a more representative, diverse Board to reflect our workforce. We continue our commitment to diversity and inclusion by reviewing progress against our equality, diversity and inclusion pledges and projects, which are aligned with our purpose of breaking down barriers. Details of relevant initiatives can be found on pages 40 to 41.

The demographic data sets (including special categories of data) collected from employee and candidates for the purpose of equal opportunities monitoring and reporting, are built into our HR information system (Workday) and processes. Information on why we collect this data and how we process it is outlined in our Privacy Notices and is made available at the point of disclosure along with a request for consent and agreement to the terms and conditions. Within the candidate/employee onboarding journey, individuals are asked to complete a diversity and inclusion form within Workday. Disclosures within this form are voluntary, with all data categories having the option of 'prefer not to say' (with the exception of gender). Data is stored securely against the employees' personal records with visibility restricted to select members of the People team. Custom dashboards and reports have been built within Workday to collate employee data and enable real time reporting. Through collecting data in this way, we are also able to build notifications within Workday enabling us to carry out periodic data drives to employees with incomplete data sets, requesting them to complete the diversity and inclusion form.

The Group has collected the following data on the composition of the Board and Executive management relating to gender identity, sex and ethnic background, as at 31 December 2024, as set out in the following tables:

Gender identity or sex of Board and Executive Committee members

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair of the Board)	Number in Executive Committee	Percentage of Executive Committee
Men	6	86%	3	6	67%
Women	1	14%	1	3	33%

Ethnic background of Board and Executive Committee members

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair of the Board)	Number in Executive Committee	Percentage of Executive Committee
White British or other White (including minority-white groups)	6	86%	4	9	100%
Asian/Asian British	1	14%	–	–	–

Governance processes

The Committee meets at least twice a year and at such other times as the Chair or any member of the Committee may request. In 2024, the Committee met on three occasions and attendance at those meetings is shown in the table on page 72.

The Committee has formal terms of reference: which can be viewed on the Group's website: www.tggplc.com. During the year, the Committee reviewed these terms of reference and made minor updates in line with the Code and best practice.

Board effectiveness review

The key recommendation arising from the 2023 internal Board performance review was for the Board to assess the effectiveness of our workforce engagement arrangements. Given the recent and ongoing implementation of colleague listening sessions between myself, as the Workforce Engagement Director, and various cohorts across the UK, the review has been deferred to 2025.

During 2024, an internal Board performance review was conducted by anonymous questionnaire and the process facilitated by the Company Secretary. Actions were identified and discussed at the February 2025 Committee meeting and reported at Board level. The review focused on the Board and its Committees' composition, skills and behaviours, governance processes and support, activities undertaken during 2024 and short and medium term strategic priorities. For the Board, the questionnaire also focused on matters relating to strategy, risk, governance and investor and stakeholder engagement.

The key action arising from the 2024 internal performance review was for the Board to review its approach to medium and long term strategy discussions. This action is currently underway and an update will be disclosed in the 2025 Annual Report and Accounts.

Individual appraisals of the performance of the Non-Executive Directors were also conducted and reviewed by the Chair of the Board, with feedback from the CEO and CFO.

Additionally, in January 2025, the other members of the Board, led by the Senior Independent Director, completed a review of my performance as Chair of the Board with respect to the reporting period, and concluded that I remained effective in that capacity.

Based on the outcome of the review and that the Directors continue to make valuable contributions, exercise independent judgement and dedicate adequate time to their responsibilities, the Board, on the recommendation of the Committee, has proposed the re-election of the Directors at the 2025 AGM. We are confident that the Board is well placed to foster strategic growth and will continue to strengthen our position for the future.

All Directors are submitted for annual re-election subject to continued satisfactory performance, which is assessed each year.

John Treharne
Chair of the Nomination Committee
12 March 2025

Governance report

Report of the Audit and Risk Committee

Committee members

Chair of the Committee	Elaine O'Donnell
Committee members	Wais Shaifta Simon Jones

Number of meetings held in 2024 **5**

“I am pleased to continue the Committee’s work to ensure the effectiveness of the Group’s systems and controls, supporting the Company in its next phase of strategic ambition and growth.”

Elaine O'Donnell | Chair of the Audit and Risk Committee



Dear Shareholder

As Chair of the Audit and Risk Committee (the ‘Committee’) I am pleased to present this report for the year ended 31 December 2024. This report is intended to provide shareholders with insight into how key topics were considered during the year, the activities of the Committee and how the Committee discharged its responsibilities in 2024.

The Committee fulfils a vital role in the Group’s governance framework, providing valuable independent challenge and oversight across the Group’s financial reporting, risk management and internal control procedures.

The business performed strongly during the year, despite the continuing challenging economic backdrop and geopolitical instability, reporting strong financial results and a robust year end balance sheet. Management has also continued to make improvements to the internal controls throughout the year and has undertaken a review of the requirements of the revised Provision 29 in the 2024 UK Corporate Governance Code (the ‘Code’), the findings of which were presented to the Committee in November 2024. A number of enhancements to the Group’s risk management framework were also implemented during the year, details of which can be found in the Principal risks and uncertainties section of this Annual Report and Accounts.

I am pleased to report that the full year audit process has been conducted according to plan and on time, and I would like to thank the Finance team and Ernst & Young LLP (‘EY’) for the planning and commitment that contributed to this.

As required by law, our external audit was put out to tender at the end of 2024. Following a formal and competitive tender process, the Board, on the recommendation of the Committee, appointed Grant Thornton UK LLP (‘Grant Thornton’ or ‘GT’) as the Company’s new external auditor for the financial year ending 31 December 2025. Further details on the process may be found later in this report. The Committee would like to thank EY for their diligent service over the past ten years.

Composition and Governance of the Committee

The Committee currently comprises three independent Non-Executive Directors who bring a wide range of financial and commercial expertise relevant to our market. Biographies for each Committee member are included on pages 66 to 67.

The Board is satisfied that as Chair, I have extensive, recent and relevant financial experience and that the Committee as a whole has a wide range of experience and competence relevant to the sector in which the Group operates through current and previous roles.

Whilst the management team and Chair of the Board are not members of the Committee, a positive working relationship is critical to the Committee’s proper function. Only members of the Committee are entitled to attend meetings, however standing invitations are extended to the Chief Financial Officer, Chief Executive Officer, Chair of the Board, the external auditor and other Non-Executive Directors. In addition, the Committee also invites other senior finance and business managers to attend certain meetings where it is deemed appropriate. The Company Secretary to the Board is also the Secretary to the Committee.

Luke Tait, as Chief Financial Officer, has responsibility for all aspects of financial reporting, internal control and risk management. At the request of the Committee, Luke has attended all Committee meetings and updated the Committee on key matters.

In 2024, the Committee met on five occasions. Attendance at those meetings is shown in the table on page 72. In March 2024 and 2025, the Committee held a private session with the external auditor, EY, without members of management being present.

The Committee has formal terms of reference which can be viewed on the Company’s website: www.tggplc.com.

Role and responsibilities of the Committee

The Committee’s role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, risk management and internal control.

This includes:

- Reviewing the Group’s annual and half year financial statements and accounting policies.
- Monitoring the integrity of the Group’s financial statements and related announcements, including reviewing and challenging any significant financial reporting judgements contained therein.
- As requested by the Board, assessing whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy.
- Reviewing the Group’s risk management framework, including principles, policies, methodologies, systems, processes, procedures and people.
- Advising on the Group’s risk appetite.

- Monitoring compliance with internal control systems, reviewing the overall effectiveness of the Group’s system of internal control and risk management and making recommendations to the Board for improvements or developments.
- Regularly reviewing the need for an internal audit function to help evaluate the robustness of current internal control systems.
- Agreeing the external auditor’s engagement terms, scope and fees, monitoring and reviewing the effectiveness and independence of the external auditor, and ensuring appropriate policies are in place to protect independence.
- Managing the audit tender process and advising on the appointment of the external auditor and the extent and fees for any non-audit services provided.
- Reviewing the effectiveness of the Group’s whistleblowing, anti-bribery and fraud prevention processes.

Committee areas of focus in 2024

The principal activities since the last report were as follows:

- Review and recommendation for approval by the Board of the 2024 half year results including the investor presentation.
- Review and recommendation for approval by the Board of the 2023 full year results including the investor presentation.
- Consideration of significant accounting matters and judgements in relation to the financial statements. This included consideration of management’s approach and the related comments of the external auditor.
- Consideration and recommendation of the Group’s going concern and viability statements.
- Consideration of the Code requirements concerning fair, balanced and understandable reporting.
- Review of the 2024 Code requirements concerning the revised provisions on risk management and internal controls.
- Consideration of the Group’s risk management review, including assessment of the principal risks and risk appetite statements, and approval of the Principal risks and uncertainties report.
- Assessment of the effectiveness of the Group’s risk management and internal control systems.
- Review of compliance with, and continuing suitability of, the Committee’s terms of reference, approving minor updates.
- Oversight of the operation of the Group’s Whistleblowing, Anti-Bribery and Anti-Corruption policies.
- Review and recommendation for approval by the Board of the Group’s Non-Audit Services Policy.

Governance report

Report of the Audit and Risk Committee continued

- Conduct of the external audit tender and recommendation for approval by the Board of the appointment of Grant Thornton as the Group's new external auditor for 2025.
- Verification of the independence of the existing external auditor, EY, and approving the scope of the audit plan and the audit fees.
- Discussions with the external auditor, without management present.
- Oversight of the biennial audit of our compliance with the UK General Data Protection Regulations ('GDPR').

Significant issues and judgements relating to the financial statements

The Committee has the responsibility to monitor the integrity of the Annual Report and Accounts and the Interim Results, including a review of the significant financial reporting matters and judgements contained in them.

At its meeting in September 2024, the Committee reviewed a comprehensive paper prepared by the Finance Director, which analysed the Group's results for the half year and highlighted any significant issues and judgements arising in the preparation of the Group's half year financial statements. In early 2025, an updated paper was prepared and reviewed, which supported the preparation of the Group's Annual Report and Accounts 2024. It also provided information to support the Directors' viability and going concern statements. The Committee also considered a paper prepared by the external auditor, which included their findings in respect of the audit of the full year financial statements and significant reporting and accounting matters therein.

The most significant issues and judgements considered by the Committee were as follows:

Annual impairment testing

Consistent with prior years, as part of the year end procedures, management has tested goodwill for impairment. In addition, it has assessed whether there are any indicators of impairment in relation to tangible assets, right-of-use assets and intangible assets, and where such indicators are present, tested those assets for impairment. The cash flow forecasts used in the assessment were based on the Group's three year financial plan, together with assumed growth rates thereafter. A number of significant judgements have been made by management in relation to the impairment review process, the most judgemental of which are considered to be the determination of cash generating units ('CGUs') and the determination of the discount rates to apply to the future cash flows generated by each CGU.

The CGUs identified by management for both goodwill and other asset impairment testing in 2024 are consistent with those identified in the prior year and discussed in detail in the Committee report that was included in the 2023 Annual Report and Accounts. Nothing has come to light in the year, or fundamentally changed in the way the business operates, to suggest this would no longer be appropriate.

The discount rate applied to the CGU cash flows was calculated by management using internal and external data points and assumptions. As a result of changes in the external rates of interest and the Group's share price performance, the pre-tax discount rate applied has increased to 11.0% (2023: 10.4%).

As part of their audit procedures, EY reperformed management's impairment modelling, including the key assumptions and inputs, and concurred with management's assessment.

The impairment testing methodology and key assumptions, including CGU determination and discount rates, were reviewed and considered by the Committee and the Committee is satisfied that the impairment loss of £0.4m that has been recognised in the Group's financial statements for 2024 is appropriate. Please refer to Notes 13 and 14 to the financial statements for further information.

Going concern and viability

The Committee reviewed and considered the paper prepared by management to support the going concern assumption and longer term viability statement in the financial statements. Consideration was given to the assumptions made in both the base case and severe, but plausible downside case, as well as additional risk-based scenarios and reverse stress tests. The assessment included a review of the principal risks facing the Group, their financial impact and how they are managed, as well as the adequacy and timing of renewal of the Group's bank facilities. Following a detailed review and discussion, the Committee concluded that the Group has adequate resources to continue in operational existence for the period to 30 June 2026 (the going concern assessment period) and that the Group remains viable.

Bank refinancing

On 28 June 2024, the Group agreed a new bank facilities agreement with the same banking syndicate, which came into effect on 1 July 2024. Under the new agreement, the Group has in place a combined £90m facility, consisting of £45m of Term Loan and £45m of RCF. The new facility is due to mature in June 2027.

As a result of the changes, the refinancing was assessed by management to determine the accounting treatment based on IFRS 9 requirements. The outcome from that assessment was that the changes constituted a repayment of the old loan and the establishment of a new facility at 'arm's length'. The financial statements for 2024 reflect that outcome. EY reperformed management's calculations and concurred with the treatment adopted.

As well as the key judgements noted above, the Committee also reviewed and considered other accounting matters, including the presentation of the non-underlying items identified by management, the capitalisation of staff costs, the accounting for the newly established Employee Benefit Trust and the recognition of deferred tax assets. In all instances, EY and the Committee were satisfied that the accounting treatment adopted, and the classification and disclosure in the financial statements were appropriate. Please refer to Note 8 to the consolidated financial statements for further information on non-underlying items.

There were no material matters requiring the Committee to make amendments to the consolidated financial statements.

Fair, balanced and understandable

The Board recognises its duty to ensure that the Annual Report and Accounts 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position, performance, strategy and business model of the Group.

The Board has placed reliance on the following to form this opinion:

- The process by which the Annual Report and Accounts 2024 was prepared, including detailed project planning and a comprehensive review process.
- The review of the Annual Report and Accounts 2024 by the Committee, placing reliance on the experience of the Committee members.
- Reports prepared by senior management regarding critical accounting judgements and significant accounting policies.
- Discussions with, and reports prepared by, the external auditor.
- Regular financial information received throughout the year, including monthly KPIs.

As detailed in the Directors' responsibility statement on page 113, each of the Directors has confirmed that, to the best of each person's knowledge and belief, the Annual Report and Accounts 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

External auditor independence and effectiveness

The appointment of EY in 2015 was made having considered their capabilities and experience. As part of the annual reporting process, the Committee reviewed the effectiveness and independence of the auditor by:

- Reviewing the 2024 audit plan.
- Discussing the results of the audit, including their views on material accounting issues and key judgements and estimates.
- Meeting the auditor without management present and understanding the extent to which the auditor challenged management.
- Considering the robustness of the audit process.
- Meeting without the auditor present to consider their performance.
- Confirming the independence and objectivity of the auditor through a review of formal reports presented to the Committee and considering whether any other conflicts of interest exist which might impact independence.
- Confirming that no non-audit work was undertaken.

Based on its review, the Committee concluded that EY remained effective and independent.

External auditor rotation

EY was appointed as auditor on 28 July 2015. By law, the external audit must be put to tender at least every ten years. As a result, a formal and competitive tender process was conducted towards the end of 2024 at the conclusion of which the Board, on the Committee's recommendation, approved the appointment of GT as the Group's external auditor for the financial year ending 31 December 2025.

The process

A longlist of approximately ten audit firms was considered by a working group established by the Committee to provide support with the audit tender process. The group consisted of the Committee Chair, CFO and other senior members of the Finance team. The full Committee was kept apprised at every stage of the process by the Committee Chair.

Having reviewed the existing auditor relationship, current market regulations, best practice guidelines and completed fee benchmarking, potential candidates were identified and a Request for Proposal ('RFP') document was prepared. Interested and qualified audit firms were invited to submit proposals (two large and two challenger firms, including EY). Candidates met with the working group and relevant members of the wider management and Finance teams. Candidate's proposals were then assessed against a weighted scorecard and two audit firms shortlisted by the working group to make formal presentations to the Committee.



Governance report

Report of the Audit and Risk Committee continued

Senior members of the Finance team and members of the wider Board were invited to the Committee presentations. Scorecards were used to assess the presentations. Criteria included team experience and culture, industry and business understanding, proactivity and innovation, transition plans and quality assurance and independence.

The decision

Following extensive discussion, the Committee presented both audit firms to the Board for consideration, recommending the appointment of GT, given their strong performance against the evaluation criteria. The Board approved GT's appointment as the Group's external auditor for the financial year ending 31 December 2025, subject to shareholders' approval at the May 2025 AGM. GT's onboarding is in process and includes shadowing EY during the 2024 year end audit.

I can confirm that the Company has complied with 'The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014' during the financial year.

External auditor fees

During 2024, management agreed an increase in the audit fees for the Group and subsidiary companies to £400,000 for the year ended 31 December 2024 (2023: £350,000). The increase reflected additional regulatory demands and a marginal increase due to inflation.

Non-audit services

In 2024, EY did not provide any non-audit services to the Company or its subsidiaries.

In line with UK Independence Rules, the Committee is responsible for approving all non-audit services provided by the auditor. The Committee has a formal policy on the supply of non-audit services by the Company's auditor, which was reviewed during the year to ensure its alignment with the requirements of the UK Financial Reporting Council's Ethical Standards (2024). All non-audit services carried out by the Company's auditor are to be pre-approved by the Committee.

Risk management

Our risk management process and the risks which are considered to be the principal risks of the Group, are detailed in the Principal risks and uncertainties section on pages 50 to 60.

During the year, the Committee reviewed the Group's risk management process and methodology and considered the principal and emerging risks identified by management, together with the adequacy of any mitigating actions put in place to reduce each risk. In addition, the Committee reviewed and approved the risk appetite statements included in the Annual Report and Accounts 2024, which are linked to our corporate purpose and strategic ambitions and embedded into the Group's risk management process.

The Committee discussed the risk in relation to IT dependency and agreed with management's view that this had temporarily increased as a result of the major technology projects that are underway. Similarly, it concurred that the risk around reputation, brand and trust had increased, given the larger estate size and social media presence. The Committee agreed that the risk in relation to operational gearing had reduced, given the enhancements made to existing controls, the improving financial and operational performance of the business and the introduction of a new bank facilities agreement.

The Committee also discussed the continued high likelihood for cyber attacks in light of ongoing geopolitical events. The Committee was satisfied with the mitigations in place to manage cyber risk, which include: the completion of a biennial GDPR audit (last audit held in August 2024); the retention of PCI Level 2 compliance; the Chief Technology Officer ('CTO') briefing the Board on information security matters at least annually; all employees being required to complete online training courses for data protection and cyber security at least once a year; and an ongoing programme of assessments and accreditations testing the information security environment. There have been no material information security breaches in the last five years.

The Group's emerging risks of Climate change and AI were discussed by the Committee as well as the increased availability of weight loss drugs on the NHS, which has been identified as both an emerging risk and an opportunity. These will continue to be monitored.

Internal control

The Committee has delegated responsibility from the Board for reviewing the effectiveness of the Group's system of internal control, which includes financial, operational and compliance controls and the risk management process. The Group's system of internal control is underpinned by the following:

- A robust system of financial controls, including appropriate segregation of duties within the Finance team, clear delegation of authority rules, an established balance sheet reconciliations and review process, and a detailed monthly meeting with the Finance Director and CFO to review the monthly management accounts.

- The Group's Code of Conduct and suite of policies underpinned by procedures, operating standards and employee training for each of our key functional areas as appropriate. These cover areas ranging from financial reporting, corporate compliance, information security, and health and safety in gyms. Relevant business areas and functions own these underlying components of our internal controls environment and are responsible for ensuring control processes and activities are maintained and operate effectively.
- Regular meetings of various groups, including business functions, senior management, sub-Committees and the Board to discuss key operational and financial matters.
- A thorough budget and three year planning process with outputs reviewed by the Board.
- Circulation of monthly reports to the Board containing detailed information regarding financial and operational performance and financial and non-financial KPIs, as well as whistleblowing and compliance matters.

During the year, the Committee discussed developments in the Group's internal control environment with management and the auditors and considers that it has complied with its obligations under the 2018 Code in relation to the assessment of risk and monitoring and the review of the effectiveness of internal controls and risk management.

The Committee also reviewed the timetable and workplan set out by management to ensure compliance with the recommendations under the refreshed UK Corporate Governance Code published in January 2024. We are fully committed to ensuring that the Group's audit and governance arrangements reflect best practice in the context of a business of our size and structure and address any new requirements within the expected timeframes.

Internal audit

The Committee reviewed the requirement for an internal audit function during the year, as it does annually, and has concluded that an internal audit function is not necessary at this time given the relatively straightforward nature of the Group's operations and the low levels of portable assets such as cash in hand and inventory. The internal controls currently in place in the Group are believed sufficient to provide internal assurance and the external audit is not materially affected by the lack of an internal audit function. This will be kept under review as the Group continues to grow.

Whistleblowing

The Group encourages staff to report concerns which they believe need to be brought to management's attention concerning any financial or other impropriety. All colleagues are required to read our Group Whistleblowing Policy and complete related mandatory training, both of which contain details of our whistleblowing arrangements and procedures should a member of staff wish to, anonymously or otherwise, raise concerns in confidence in respect of suspicions of wrongdoing or unethical conduct.

These concerns may be raised by colleagues to their line manager or on an online portal, accessible through a hyperlink on our staff intranet and in the Policy. The Policy also prohibits bullying, harassment or other detrimental treatment of colleagues who choose to speak up.

The Committee last reviewed the policy in August 2024 and receives a report, at least annually, relating to any whistleblowing matters raised and considers responses where appropriate. No instances of whistleblowing were reported in 2024.

Elaine O'Donnell

Chair of the Audit and Risk Committee
12 March 2025

Governance report

Report of the Sustainability Committee

Committee members

Chair of the Committee	Wais Shaifta
Committee members	John Treharne Will Orr Elaine O'Donnell Simon Jones Cornelia Woschek

Number of meetings held in 2024 **3**

“The Committee is delighted that The Gym Group has been awarded the prestigious Royal Society for the Prevention of Accidents (‘RoSPA’) gold award as a result of becoming the first 24/7 operator to have achieved Level 4 certification with the FITcert scheme and ISO 45001 accreditation.”

Wais Shaifta | Chair of the Sustainability Committee



Dear Shareholder

I am pleased to present the Report of the Sustainability Committee (the ‘Committee’) and to highlight some of the developments since 2023.

Environmental, Social and Governance (‘ESG’) and sustainability matters are crucial to our ability to deliver on our purpose of breaking down barriers to fitness for all. Our sustainability strategy centres on ‘healthy people, healthy communities and a healthy planet’. It has been developed to advance our purpose and build a resilient business environment.

Delivering positive health and wellbeing benefits to our members is at the heart of our business. By making high quality exercise facilities more accessible to a larger part of the population, we support our members in achieving their goals. Measuring the positive impact exercise has on society aligns with our purpose and drives commercial success. The Committee is pleased to note the increase in Social Value of 8% in 2024, driven by more members working out more frequently.

The global challenge of climate change presents local impacts for our business, and we remain proactive in addressing these by strengthening our sustainable business model. Building on our 2023 Task Force on Climate-Related Financial Disclosures (TCFD) report, we have made further progress in embedding climate change management across our operations and have enhanced our disclosures in alignment with the TCFD’s recommendations. As outlined in our TCFD report on pages 46 to 49, we believe our current business strategy is resilient to various potential climate futures.

We remain fully committed to achieving our validated science-based net zero targets and are engaging our suppliers and customers to collaborate on this journey. Reducing our own carbon footprint is a critical part of our role in transitioning to a lower carbon economy, and we will continue to drive the decarbonisation of our estate by introducing innovative technology and processes. The Committee is pleased with the progress made in 2024, especially regarding the installation of further air source heat pumps across our estate and trialling advanced lighting controls and remote air conditioning management systems. These developments help inform and advance our net zero transition plan, an essential element that will help build resilience into our business model.

Governance

The Committee supports the Group in continually improving its ESG and sustainability performance and reporting. These matters are regularly discussed and reviewed by the Board and its Committees, with the Group always striving to exceed the expectations of our stakeholders. The Committee holds meetings at least three times per year, escalating relevant matters to the next scheduled Board meeting. In between Committee meetings, the Board receives related reports directly, where appropriate.

Climate-related risks and opportunities are a standing agenda item for the Committee, which provides Board-level governance of climate-related issues. As outlined within the Committee’s terms of reference (which may be found on the Group’s website), this includes (but is not limited to) reviewing progress against our goals and targets to achieve our science-based net zero emissions targets and managing physical and transition risks through our identified control measures. The Board also has final sign-off on annual budget allocations and strategic aims, including the planned expenditures for carbon-related initiatives.

The sustainability working group, consisting of representatives from the (1) ESG, (2) equality, diversity and inclusion and (3) health, safety and wellbeing workstreams, convenes at least three times per year. It provides reports to the Committee and Board on sustainability-related matters. It also supports the Committee and Board in their responsibility to oversee and ensure an effective governance structure across the business, and the successful execution of the sustainability strategy.

Key responsibilities

- Assisting the Board in overseeing corporate responsibility, climate, sustainability and reputational matters considering the Group’s purpose, strategy and culture.
- Developing, upholding and promoting the Group’s sustainability strategy, including evaluating materiality and reviewing sustainability targets.
- Monitoring sustainability KPIs to measure delivery against the Group’s strategy and targets relating to carbon emissions and the Group’s environmental impact.
- Advising on managing the sustainability and climate-related risks and opportunities for the Group, and helping to facilitate their integration into decision-making and strategy development.
- Liaising with members of the Board to agree capital allocation towards climate risk and opportunity management, including innovations to reduce greenhouse gas emissions, energy consumption, water consumption and waste generation.
- Reviewing, and recommending for approval, the external statements and disclosures made by the Group concerning sustainability and ESG matters.

Strategy

Sustainability, including the management of climate-related issues, is fully integrated into our business strategy. The environment is recognised as a critical stakeholder that must be considered when reviewing and guiding strategy, major plans of action, risk management policies and annual budgets. One of the Committee’s responsibilities is to assist the Board in articulating and developing the Group’s sustainability strategy.

For more information on our strategy, please visit our website at www.tggplc.com/sustainability/our-strategy/. Our Sustainability report on pages 34 to 45 explains our progress and performance against our sustainability strategy in the areas identified in our materiality assessment.

Risks and opportunities

Our Board has overall responsibility for managing the business risks and opportunities, including those presented by climate change. Alongside the Executive Committee and the relevant Board Committees, the Board remains fully committed to managing risks and opportunities that have the potential to influence the business.

The Committee supports the Board in developing its understanding of climate and sustainability-related risks and opportunities for the Group. Climate change has been identified as an emerging risk for the business. This reflects our understanding that managing climate-related risks and opportunities will increasingly influence our financial position and performance in the years to come. We outline our full process for assessing risks in the principal risks and uncertainties section on pages 50 to 60.

Activities in the year

- Monitoring gender and cultural diversity across the Group at different levels of the workforce, and understanding how these populations reflect our member population.
- Considering reports from the sustainability workstreams: health and safety; governance; equality, diversity and inclusion; environment; and climate action and social impact.
- Evaluating targets relating to The Gym Group’s material topics and monitoring progress against them.
- Reviewing the Company’s partnership with NHS Charities Together and related objectives for 2025.
- Building knowledge of TCFD requirements with a bespoke training course for Board members.

Focus in 2025

The Committee will continue to support the sustainability governance streams to uphold the Group’s sustainability strategy and keep its objectives and targets at the heart of the Board’s agenda. We will also continue to develop our understanding of the impact of climate change on our business, proactively managing its risks and opportunities.

Further information on our sustainability governance framework and other related matters can be found on the Company’s website at www.tggplc.com.

Wais Shaifta

Chair of the Sustainability Committee
12 March 2025

Governance report

Report of the Remuneration Committee

Committee members

Chair of the Committee Wais Shaifta

Committee members Elaine O'Donnell
Simon Jones

Number of meetings held in 2024 3

“Financial performance has been very strong this year, with both Group Adjusted EBITDA Less Normalised Rent at £47.7m and Mature Site ROIC at 25.3% either meeting or exceeding the stretch level performance targets set by the Committee at the start of the year.”

Wais Shaifta | Chair of the Remuneration Committee



Dear Shareholder

I am pleased to present the Report of the Remuneration Committee (the 'Committee') for the financial year ended 31 December 2024.

Directors' Remuneration Policy

The previous Directors' Remuneration Policy (the 'previous Policy') would have ordinarily applied until the 2025 AGM. However, as highlighted in the 2023 Report of the Remuneration Committee, the Committee recognised that there had been significant leadership changes, with the appointment of Will Orr as CEO in September 2023 as well as the appointment of Luke Tait as CFO in October 2022 and other changes within the senior team. In light of these leadership changes and a review of the Company's strategy, as well as the macroeconomic environment, the Committee felt it was appropriate and necessary to undertake a review of remuneration arrangements to ensure they remained aligned with the Company's long term strategy. Following this review, the Committee put forward a new Directors' Remuneration Policy for shareholder approval at the 2024 AGM (the 'new Policy').

The main change under the new Policy was the introduction of a new variable remuneration scheme, The Gym Group Incentive Plan (the 'TGG Incentive Plan'), which takes the form of a combined short and long term incentive scheme, with part of the award delivered in cash following a one year performance period and the remainder deferred for a further two years and subject to a performance underpin.

The Committee was pleased that the majority of shareholders voted in favour of the new Policy, with 77.3% of votes in favour. Nevertheless, the Committee acknowledges that over 20% of shareholders voted against the new Policy. Further details on this outcome and the Committee's engagement with shareholders is set out in the Section 172 statement on pages 75 to 79. A summary of the new Policy and its application for 2024 are set out on pages 94 to 95.

Performance and remuneration in 2024

The Group continued to build on strong trading momentum, with revenue growth for the year up 11%, average members up 4%, average revenue per member per month up 7% and like for like revenue growth of 7%. Great progress was also made on our Next Chapter growth plan resulting in Group Adjusted EBITDA Less Normalised Rent at £47.7m, ahead of the top end of the 2024 forecast range. Further details on our performance in 2024 can be found in the Strategic report on pages 6 to 63.

2024 TGG Incentive Plan outcome

The maximum opportunity for Executive Directors under the TGG Incentive Plan is 275% of salary, with 35% of awards delivered in cash and the remaining 65% delivered in shares.

The deferred share element was granted on 10 July 2024 and vests on the third anniversary of grant, subject to the 2024 performance outcome, continued employment and a performance underpin, as well as a two year post-vesting holding period.

The performance targets for the 2024 TGG Incentive Plan were based on Group Adjusted EBITDA Less Normalised Rent (50%), Mature Site ROIC (30%), percentage of customers visiting 4+ times per month (10%) and our employee engagement score (10%).

Financial performance has been very strong this year, with both Group Adjusted EBITDA Less Normalised Rent at £47.7m and Mature Site ROIC at 25.3% exceeding the stretch level performance targets set by the Committee at the start of the year, leading to a full payout in respect of these elements. Performance against the non-financial measures has also been strong, with 53.5% of members visiting at least four times per month being between the target and maximum performance levels and our Peakon employee engagement score (9.0) meeting the maximum level. The overall outcome for 2024 was 98% of maximum.

The share element will vest in July 2027 subject to continued employment and a performance underpin such that, if Group Adjusted EBITDA Less Normalised Rent in 2025 or 2026 falls below the 2024 performance (£47.7m), 25% of the shares will lapse.

The Committee is confident that this outcome reflects the exceptional performance delivered in 2024 as we continue working towards our strategic ambitions, and therefore did not exercise any discretion. Further details are set out on page 97.

2022 PSP outcome

Following his appointment to the Board, Luke Tait was granted an award under the Performance Share Plan on 17 October 2022, subject to performance conditions based on Absolute TSR (50% weighting), ROIC in mature estate (25% weighting), and Cumulative Adjusted Group Operating Cash Flow (25% weighting). The ROIC and cash flow metrics were based on performance for the year ending 31 December 2024. ROIC performance (25.3%) is just above the threshold performance level, but the Cash Flow performance did not meet the minimum performance level. The performance period for the TSR condition is the three year period from the date of grant, which is not yet complete. However, based on performance up to 31 December 2024, our current estimate is that this element will not meet the threshold performance level.

The overall estimated vesting level for the 2022 PSP for Luke Tait is therefore 6.2% of maximum, subject to the final outcome of the TSR metric.

Application of discretion for 2024

The Committee carefully considered the performance outcomes under variable pay schemes for 2024. The Committee strongly believes that the TGG Incentive outcome appropriately reflects the exceptional performance delivered in 2024 as we continue working towards our strategic ambitions, whilst the estimated 2022 LTIP outcome reflects the improvement in ROIC performance over the period since grant which has also been reflected in the Company's share price over the last 12 months (although this is not expected to meet the stretching absolute TSR threshold level set in 2022). Overall, the Committee concluded that the outcomes were appropriate and did not apply discretion to adjust remuneration outcomes.

Implementation of our Remuneration Policy in 2025

Base salary

A 3% increase to Will Orr's and Luke Tait's base salaries was applied from 1 January 2025, to £437,750 and £324,450 respectively. This is below the average increase for the wider workforce of 6.7%.

TGG Incentive Plan

The maximum opportunity for Executive Directors will be 275% of salary, with 35% of awards delivered in cash and the remaining 65% delivered in shares. The deferred share element is expected to be granted in March 2025 and vest on the third anniversary of grant, subject to the 2025 performance outcome, continued employment and a performance underpin, as well as a two year post-vesting holding period.

No changes are proposed to the performance measures and weightings for 2025 and these will therefore remain as Group Adjusted EBITDA Less Normalised Rent (50%), Mature Site ROIC (30%), percentage of customers visiting 4+ times per month (10%) and our employee engagement score (10%).

Chair of the Board and Non-Executive Director Fees

The fee for the Chair of the Board and the base fee for the Non-Executive Directors ('NEDs') were increased by 3% with effect from 1 February 2025.

Closing remarks

I would like to thank those shareholders who continued to engage with us during 2024, particularly in relation to the new Policy. Should you have any queries or comments on this report, or more generally in relation to remuneration, then please do not hesitate to contact me via the Company Secretary.

I hope that you find the information in this report helpful and informative, and I look forward to your continued support at the 2025 AGM.

Wais Shaifta

Chair of the Remuneration Committee

12 March 2025

Governance report

Report of the Remuneration Committee continued

At a glance: Remuneration policy and implementation

	Overview of current Policy	Remuneration in 2024	Implementation for 2025
Base salary	Reviewed annually. Consideration given to performance of the Group and the individual, responsibilities or scope of the role, as well as pay practices in relevant comparator companies.	Will Orr: £425,000 Luke Tait: £315,000 Ann-marie Murphy: £231,000 (to 31 January 2024)	With effect from 1 January 2025: Will Orr: £437,750 (+3%) Luke Tait: £324,450 (+3%) This is below the average increase for the wider workforce of 6.7%.
Pension and benefits	Pension – maximum contribution of 4% of salary, aligned with the majority of the workforce. Benefits – currently consist of private medical cover and a car allowance. The Committee reserves the discretion to introduce new benefits where appropriate.	Executive Director pension levels in line with the majority of the workforce (4%).	No change.
TGG Incentive Plan	Maximum of 275% of salary. Subject to achievement of relevant performance conditions. Up to 35% of any award is paid in cash. The balance (at least 65%) is delivered in shares which are normally granted at the start of the performance period (or shortly thereafter) and will be reduced following the end of the year to the extent that the relevant performance targets are not met in full. The resulting shares vest after a further two years (i.e. three years after the date of grant) subject to continued employment and the satisfaction of one or more performance underpins. The vested shares are then subject to a two year post-vesting holding period. Subject to malus and clawback provisions.	Maximum: 275% of salary Performance measures for 2024: Group Adjusted EBITDA Less Normalised Rent (50%) Mature Site ROIC (30%) Percentage of customers visiting 4+ times per month (10%) Employee engagement score (10%) Outcome was 98% of maximum Shares are subject to an underpin such that 25% will lapse if 2025 and/or 2026 Group Adjusted EBITDA Less Normalised Rent is less than £47.7m.	Maximum: 275% of salary Performance measures for 2025: Group Adjusted EBITDA Less Normalised Rent (50%) Mature Site ROIC (30%) Percentage of customers visiting 4+ times per month (10%) Employee engagement score (10%) The performance targets are considered commercially sensitive at this time and will be disclosed in next year's report. Shares will be subject to a further underpin such that 25% will lapse if 2026 and/or 2027 Group Adjusted EBITDA Less Normalised Rent is less than the 2025 level.

	Overview of current Policy	Remuneration in 2024	Implementation for 2025
Share ownership guidelines	Executive Directors are expected to build up a prescribed level of shareholding equal to 200% of salary. The Committee has the discretion to amend, but not reduce, this level in future years. A two year post-employment shareholding guideline of 200% of salary (or actual shareholding at leaving, if lower) applies from leaving.	As at 31 December 2024, the Executive Directors were working towards meeting their shareholding requirement, noting that: <ul style="list-style-type: none"> Will Orr joined the Board on 1 September 2023 Luke Tait joined the Board on 17 October 2022 	No change.
NED fees	The fees for the Non-Executive Directors may include a basic fee and additional fees for further responsibilities (for example, when chairing Board Committees or holding the office of Senior Independent Director). No benefits are envisaged for the Non-Executive Directors, although the Company reserves the right to provide benefits, such as travel and office support. As Founder, John Treharne currently receives certain benefits in line with his legacy provision.	With effect from 1 January 2024: John Treharne (Chair of the Board): £144,900 Base NED fee: £57,750 Additional fee for: Senior Independent Director: £5,250 Chair of the Audit and Risk Committee: £8,400 Chair of the Remuneration Committee: £8,400	With effect from 1 February 2025: John Treharne (Chair of the Board): £149,247 (+3%) Base NED fee: £59,483 (+3%) Additional fee for: Senior Independent Director: £5,250 (no change) Chair of the Audit and Risk Committee: £8,400 (no change) Chair of the Remuneration Committee: £8,400 (no change) The increase in the fee for the Chair of the Board and NED base fee is in line with the Executive Directors and below the average increase for the wider workforce of 6.7%.

As disclosed in the Group's announcement made on 30 August 2022, Richard Stables is currently a Partner at Fulcrum Advisory Partners LLP ('Fulcrum Partners'), an independent advisory firm, and a Senior Advisor to Blantyre Capital ('Blantyre'), which held c.11.8% of the Company's shares as at 31 December 2024. While Richard has not been appointed as a representative of Blantyre or any other shareholder and Fulcrum Partners has ceased to provide advisory services to Blantyre in relation to the Company, Fulcrum Partners is party to an incentive arrangement with Blantyre pursuant to which Fulcrum Partners is entitled to certain cash payments contingent on the share price of the Company achieving various price levels up to 600p per share, with a maximum cash value at those price levels equivalent to 305,641 shares in the Company. For the avoidance of doubt, no payments under this incentive have been made up to the date of this report and the cost of any such payments are met in full by Blantyre i.e. there is no cost to the Company.

Governance report

Report of the Remuneration Committee continued

Introduction

This report contains the material required to be set out in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'DRR Regulations'), as amended in 2013, 2018 and 2019.

Single total figure table (audited)

The remuneration for Directors of the Company who performed qualifying services during 2024 is detailed below, with prior year information provided for comparison purposes.

	Salary/fees		Taxable benefits ¹		Pension		Total fixed remuneration		Bonus/TGG Incentive Plan		Long term incentives ^{3,4}		Other ⁵		Total variable remuneration		Total remuneration	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024 ²	2023	2024	2023	2024	2023	2024	2023	2024
Executive Directors																		
Will Orr ⁶	142	425	8	15	6	17	156	457	118	1,153	-	-	300	-	418	1,153	574	1,610
Luke Tait	300	315	10	15	12	13	322	342	246	855	-	34	-	-	246	889	568	1,231
Ann-marie Murphy ⁷	262	19	13	1	8	1	283	21	-	-	-	-	-	-	-	-	283	21
Chair of the Board and Non-Executive Directors																		
John Treharne	138	145	12	16	-	-	150	161	-	-	-	-	-	-	-	-	150	161
Elaine O'Donnell	63	71	-	-	-	-	63	71	-	-	-	-	-	-	-	-	63	71
Wais Shaifta	55	66	-	-	-	-	55	66	-	-	-	-	-	-	-	-	55	66
Richard Stables	55	58	-	-	-	-	55	58	-	-	-	-	-	-	-	-	55	58
Simon Jones ⁶	50	58	-	-	-	-	50	58	-	-	-	-	-	-	-	-	50	58

1 Taxable benefits for the Executive Directors comprise a car allowance (£8,000 per annum) and private medical cover. Will Orr's benefits for 2023 also include upgraded internet installation and £3,500 (excluding VAT) for legal advice associated with his appointment. Legacy benefits are provided to John Treharne which include private medical and dental cover.

2 The 2024 TGG Incentive Plan figures represent the cash element of the award plus the value of the share element which is not impacted by the performance underpin (based on the share price of £1.49 as at 31 December 2024). The value of the share element which may be impacted by the performance underpin will be disclosed in the 2026 report to the extent that the underpin is met.

3 The 2022 PSP awards were subject to Absolute TSR (50% weighting), ROIC in mature estate (25% weighting), and Cumulative Adjusted Group Operating Cash Flow (25% weighting). The ROIC and cash flow metrics were based on performance for the year ending 31 December 2024 but the performance period for the TSR condition is the three year period from the date of grant, which ends in October 2025 for Luke Tait. However, based on performance up to 31 December 2024, the estimated overall vesting outcome is 6.2%. The final outcome will be disclosed in next year's annual report.

4 The performance period for the 2021 PSP awards did not end until March 2024 and was therefore not complete at the time of finalising last year's report. Based on performance up to 31 December 2023, we estimated that this award would lapse in full. The Committee confirmed this assessment following the end of the performance period.

5 Will Orr was granted a buy-out award in respect of awards from a previous employer that were forfeited on his joining the Group. Further details are set out in last year's report.

6 Will Orr and Simon Jones joined the Board on 1 September 2023 and 6 February 2023 respectively, and therefore 2023 figures reflect remuneration for services from these dates onwards.

7 Ann-marie Murphy stepped down from the Board on 31 January 2024 and therefore the 2024 figures reflect remuneration for services up to this date.

2024 TGG Incentive Plan

For 2024, the overall TGG Incentive Plan maximum for Executive Directors was 275% of salary. In accordance with the Directors' Remuneration Policy, 35% of awards are delivered in cash following the end of the performance period, and the remaining 65% is delivered in shares which vest on the third anniversary of grant, subject to the 2024 performance outcome, continued employment and a performance underpin, as well as a two year post-vesting holding period.

For 2024, the share element of the award was granted to Will Orr and Luke Tait on 10 July 2024, following shareholder approval of the new Policy at the 2024 AGM. Awards were granted in the form of nominal value (0.01p) options.

Executive	Date of grant	Award level ¹	Face value of award	Share price used for grant ²	Number of shares awarded
Will Orr	10 July 2024	178.75% of salary (65% of award)	£759,687.50	£1.106	686,878
Luke Tait	10 July 2024	178.75% of salary (65% of award)	£563,062.50	£1.106	509,098

1 Reflects the proportion of the maximum award amount that may be delivered in shares. The number of shares is reduced following the end of the 2024 performance period to the extent that the relevant performance targets are not met in full.

2 Based on the five day average share price up to the date of the 2024 AGM.

For 2024, performance was based on four metrics, with 80% based on financial targets (Group Adjusted EBITDA Less Normalised Rent and Mature Site ROIC), and the remaining 20% based on strategic objectives (membership visits and employee engagement).

Measure	Weighting	Threshold (20%)	Target (60%)	Maximum (100%)	2024 performance	Outcome (% of max)	Weighted outcome (% of max)
Group Adjusted EBITDA Less Normalised Rent	50%	£40.4m	£43.4m	£46.4m	£47.7m	100%	50%
Mature Site ROIC	30%	22%	23%	24%	25.3%	100%	30%
% of members visiting 4+ times per month	10%	52%	53%	54%	53.5%	80%	8%
Employee engagement score	10%	7.9	8.4	8.7	9.0	100%	10%
Overall	100%						98%

The table below sets out the 2024 TGG Incentive Plan awards for the Executive Directors:

	2024 opportunity	2024 outcome (% of max)	2024 outcome (face value)
Will Orr			
Cash	96.25% of salary (35% of award)	98%	£400,881 (94.3% of salary)
Shares	686,878 shares (65% of award)		673,140 shares*
Luke Tait			
Cash	96.25% of salary (35% of award)	98%	£297,124 (94.3% of salary)
Shares	509,098 shares (65% of award)		498,916 shares*

* The share element of the award is subject to an underpin, such that 25% of the shares will lapse if Group Adjusted EBITDA Less Normalised Rent in 2025 and/or 2026 falls below the level achieved in 2024 (£47.7m).

In accordance with the DRR Regulations, the value included in the 2024 single figure table is the cash element of the award, plus the value of the share element which is subject to continued employment only (75% of the shares). This equates to £1,153,115 for Will Orr and £854,662 for Luke Tait (based on the share price of £1.49 as at 31 December 2024).

As at 31 December 2024, the remainder of the share element (25% of the shares) is worth £250,745 for Will Orr and £185,846 for Luke Tait. The outcome of the performance underpin will be disclosed in the 2026 report, including the vesting value of these shares (to the extent that the underpin is met).

Governance report

Report of the Remuneration Committee continued

Vesting outcome of 2021 and 2022 PSP awards

Final vesting outcome for 2021 PSP awards

Former Executive Directors Richard Darwin and Mark George were granted LTIP awards on 25 March 2021 based on relative TSR and absolute TSR targets assessed over a three year period from this date. The performance period was not complete at the time of preparation of the 2023 Annual Report and Accounts, but the vesting outcome was estimated at 0% based on performance up to 31 December 2023. Following the end of the performance period, the final outcome was confirmed as 0% vesting, as outlined in the table below.

Performance measure	Weighting	Threshold (20% vests)	Maximum (100% vests)	Actual	Outcome (% of max)	Outcome (% of award vesting)
Relative TSR vs FTSE Small Cap (excluding Investment Trusts)	66.7%	Median	Upper quintile	Below median	0%	0%
Absolute TSR (share price adjusted for dividends)	33.3%	285p	335p	108.9p	0%	0%
Total	100%					0%

Estimated vesting outcomes for 2022 PSP awards

Following his appointment to the Board, Luke Tait was granted an award under the Performance Share Plan on 17 October 2022 based on Absolute TSR, ROIC in Mature Estate, and Cumulative Adjusted Group Operating Cash Flow. The ROIC and cash flow metrics were based on performance for the year ending 31 December 2024 and performance outcomes are set out below. The performance period for the TSR condition is the three year period from the date of grant, which is not yet complete. However, based on performance up to 31 December 2024, our current estimate is that this element will not meet the threshold performance level.

Performance measure	Weighting	Threshold (20% vests)	Maximum (100% vests)	Actual	Outcome (% of max)	Outcome (% of award vesting)
Absolute TSR	50%	300p	375p	156.7p (estimated)	0% (estimated)	0% (estimated)
ROIC in Mature Estate	25%	25%	30%	25.3%	24.8%	6.2%
Cumulative Adjusted Group operating Cash Flow	25%	£135m	£150m	£110.2m	0%	0%
Total	100%					6.2%

The estimated vesting outcome is therefore 6.2% of maximum:

Executive	Number of shares granted	Vesting outcome (estimate)	Number of shares vesting (estimate)	Value of estimated shares vesting ¹
Luke Tait	352,136	6.2%	21,832	£34,211

¹ Based on the average share price over the three month period up to 31 December 2024 (£1.567).

Grant of 2023 Deferred Bonus Share Plan ('DBSP') awards

In accordance with the previous Policy, any bonus outcome in excess of 75% of salary was deferred in shares which vest after two years subject to continued employment. The Committee applied the deferral approach on a pro-rata basis for Will Orr (who joined the Board on 1 September 2023). Awards were granted in the form of nominal value (0.01p) options.

Executive	Date of grant	Face value of award	Share price used for grant ¹	Number of shares awarded
Will Orr	10 July 2024	£11,063	£1.166	9,488
Luke Tait	10 July 2024	£23,430	£1.166	20,094

¹ Based on the 3 month average share price up to the day prior to the grant date.

As outlined in last year's report, Richard Darwin was also granted a deferred bonus in respect of the portion of his 2023 bonus. An award of 5,919 shares was granted to him on 10 July 2024 on the same terms as outlined above (face value: £7,012).

Statement of Directors' shareholding and share interests (audited)

The table below details, for each Director who served during the year, the total number of Directors' interests in shares at 31 December 2024 or the date the departing Director left the Board:

Director	Ordinary shares ¹	Awards subject to continued employment			Awards subject to performance conditions			Vested but unexercised options	Total shareholding and share interests	Shareholding requirement met?
		Matching shares awarded under SIP (shares)	Sharesave awards (options)	PSP/DSBP awards (nominal cost options)	TGG Incentive Plan	PSP awards (nominal cost options)	TGG Incentive Plan			
Executive Directors										
Will Orr	–	–	–	255,555	–	717,697	686,878	–	1,660,130	No ³
Luke Tait	64,210	–	19,526	263,181	–	775,933	509,098	–	1,631,948	No ³
Ann-marie Murphy ²	71	71	–	–	–	–	–	–	142	No ³
Chair of the Board and Non-Executive Directors										
John Treharne	1,629,053	1,764	–	–	–	–	–	170,553	1,801,370	
Wais Shaifta	–	–	–	–	–	–	–	–	–	
Elaine O'Donnell	45,000	–	–	–	–	–	–	–	45,000	
Richard Stables	200,000	–	–	–	–	–	–	–	200,000	
Simon Jones	–	–	–	–	–	–	–	–	–	

¹ Includes shares held by connected persons.

² Ann-marie Murphy stepped down from the Board on 31 January 2024 and her figures are presented as at this date.

³ Executive Directors are required to build up a shareholding of at least 200% of salary. For this purpose, the shareholding includes all beneficial shareholdings, vested but unexercised options (on a net of tax basis) and unvested shares subject to continued employment only (on a net of tax basis). As at 31 December 2024, Will Orr and Luke Tait were still working towards this requirement. As at 31 March 2024, Ann-marie Murphy had not met her shareholding requirement.

No Directors exercised share options during the year.

Between 31 December 2024 and the date of this report, Richard Stables purchased 25,000 shares on 23 January 2025. There were no further changes in the Directors' shareholdings and share interests during this time.

Departure of Ann-marie Murphy (audited)

As outlined in last year's report, Ann-marie Murphy stepped down from the Board and ceased employment with the Company on 31 January 2024. Payments in connection with her services as a Director during 2024 are included in the single figure table of remuneration on page 96. She then received two months' payment in lieu of notice in respect of her salary (£38,500), car allowance (£1,333) and pension (£1,353), and a payment in respect of accrued but untaken annual leave (£9,138). In addition, Ann-marie's private medical coverage continued until 30 June 2024 (£2,597).

Ann-marie was not eligible for the 2023 annual bonus and was not eligible for any variable remuneration in respect of 2024. All unvested PSP awards lapsed on cessation of her employment with the Company.

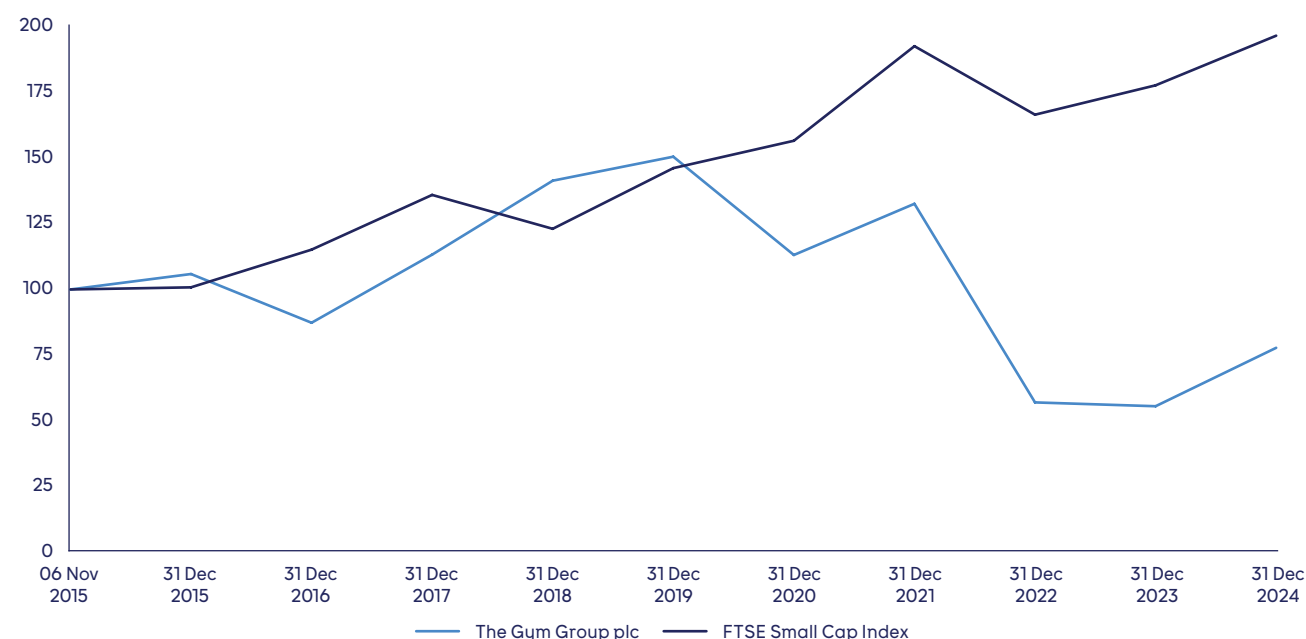
Governance report

Report of the Remuneration Committee continued

Performance graph and CEO remuneration table

The graph below shows the total shareholder return ('TSR') performance of an investment of £100 in The Gym Group plc's shares from its listing in November 2015 to the end of the period, compared with a £100 investment in the FTSE SmallCap Index over the same period. The FTSE SmallCap Index was chosen as a comparator because it represents a broad equity market index of which the Company is a constituent. The TSR was calculated in accordance with the DRR Regulations.

Total Shareholder Return (TSR)



The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR graph:

Year	CEO	Single figure of total remuneration (£'000)	Annual bonus/TGG Incentive Plan outcome (% of maximum)	Long term incentive outcome (% of maximum)
2015	John Treharne	288	£60,000 ²	N/A
2016	John Treharne	314	27.2%	N/A
2017	John Treharne	431	74.3%	N/A
2018 ¹	John Treharne	273	16.0%	41.7%
2018 ¹	Richard Darwin	97	16.0%	41.7%
2019	Richard Darwin	537	35.1%	72.5%
2020	Richard Darwin	336	0%	0%
2021	Richard Darwin	484	44.7%	0%
2022	Richard Darwin	382	0%	0%
2023 ¹	Richard Darwin	150	84%	0%
2023 ¹	Will Orr	574	83%	N/A
2024	Will Orr	1,610	98%	N/A

¹ The 2018 figures represent the single figure of total remuneration for John Treharne for the period to 17 September 2018, and for Richard Darwin from that date. The 2023 figures represent the single figure of total remuneration for Richard Darwin for the period to 24 March 2023, and for Will Orr from 1 September 2023.

² The actual bonus paid has been inserted for 2015 as this related to the year of Admission when an uncapped discretionary bonus plan was in operation. No long term incentive awards vested in 2015, 2016 or 2017.

Annual percentage change in remuneration of Directors and employees

The percentage change in remuneration of the Directors and employees of the business over the last 5 years were as follows:

Element	Employees	Executive Directors			Chair of the Board and Non-Executive Directors				
		Will Orr	Luke Tait	Ann-marie Murphy	John Treharne	Wais Shaifta	Elaine O'Donnell	Richard Stables	Simon Jones
% change from 2019 to 2020									
Salary/fees	5%	N/A	N/A	N/A	(27)%	N/A	N/A	N/A	N/A
Benefits	(11)%	N/A	N/A	N/A	(48)%	N/A	N/A	N/A	N/A
Bonus	(100)%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% change from 2020 to 2021									
Salary/fees	6%	N/A	N/A	N/A	36%	N/A	N/A	N/A	N/A
Benefits	29%	N/A	N/A	N/A	42%	N/A	N/A	N/A	N/A
Bonus	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% change from 2021 to 2022									
Salary/fees	11%	N/A	N/A	N/A	(40)%	0%	N/A	N/A	N/A
Benefits	4%	N/A	N/A	N/A	23%	N/A	N/A	N/A	N/A
Bonus	720%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% change from 2022 to 2023									
Salary/fees	9%	N/A	0%	5%	19%	0%	0%	0%	N/A
Benefits	19%	N/A	25%	9%	20%	N/A	N/A	N/A	N/A
Bonus	(29)%	N/A	171%	(100)%	N/A	N/A	N/A	N/A	N/A
% change from 2023 to 2024									
Salary/fees	9%	0%	5%	0%	5%	5%	5%	5%	5%
Benefits	27%	(11)%	48%	11%	27%	N/A	N/A	N/A	N/A
Bonus	53%	227%	247%	0%	N/A	N/A	N/A	N/A	N/A

¹ The strict legal requirement is to only provide details of employees of The Gym Group plc. As the listed entity has very few employees, we have decided to voluntarily disclose in respect of all The Gym Group employees.

² The average percentage change in employee remuneration was calculated using the movement in mean values (in respect of each element of remuneration) between the relevant years. The relevant mean values were calculated by dividing the aggregate total of each element of remuneration for all Group employees during the year (calculated on an FTE basis) by the total number of Group employees.

³ Ann-marie Murphy, Luke Tait and Will Orr joined the Board on 11 April 2022, 17 October 2022 and 1 September 2023 respectively. Ann-marie Murphy stepped down from the Board on 31 January 2024. Figures have been calculated on an annualised basis.

⁴ Wais Shaifta joined the Board on 1 February 2021, Elaine O'Donnell and Richard Stables joined the Board on 30 August 2022 and Simon Jones joined the Board on 6 February 2023. Figures have been calculated on an annualised basis.

Governance report

Report of the Remuneration Committee continued

CEO to employee pay ratio

The table below shows how the CEO's total remuneration compares to the full-time equivalent total remuneration of UK employees ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option C	30:1	27:1	14:1
2020	Option C	19:1	19:1	13:1
2021	Option C	26:1	25:1	24:1
2022	Option C	20:1	19:1	16:1
2023	Option C	34:1	33:1	27:1
2024	Option C	69:1	66:1	50:1

As the hourly rates for gender pay gap purposes for significant numbers of employees are the same, it is not possible to identify appropriate representative quartile employees from this data alone and therefore Option C is used. The lower quartile, median and upper quartile employees were initially identified using the approximate full-time equivalent total actual pay of all employees for the financial year (based on employees of the Group as at 31 December 2024).

A full-time equivalent total pay and benefits figure for the financial year to 31 December 2024 was then calculated for each of those employees. This was also sense checked against a sample of employees with full-time equivalent total actual pay on either side of the identified individuals to ensure that the appropriate representative employee is selected.

Each employee's pay and benefits were calculated using each element of employee remuneration on a full-time basis, consistent with the CEO. Where required, remuneration was approximately adjusted to be full-time and full-year equivalent based on the employee's average full-time equivalent hours for the year and the proportion of the year they were employed. No other adjustments were made.

The salary and total pay and benefits of the employees at the 25th percentile, the median and the 75th percentile for 2024 are shown below:

	25th percentile	Median	75th percentile
Salary	£23,334	£24,259	£26,338
Total pay and benefits	£23,334	£24,259	£31,962

The 2024 ratios are higher than 2023, primarily due to the strong business performance in 2024 being reflected in the outcome under the TGG Incentive Plan (98% of maximum). In comparison, the 2023 ratios were based on the sum of the total single figures of remuneration for Richard Darwin and Will Orr, with the outcomes under the annual bonus and 2021 PSP being 83% and 0% of maximum, respectively (Will Orr was not a participant in the 2021 PSP having joined the Board in September 2023).

Base salaries of all employees, including our Executive Directors, are set with reference to a range of factors including market practice, experience, and performance in role. The Committee also notes that the CEO's remuneration package is weighted more heavily towards variable pay (namely the TGG Incentive Plan) than those of the wider workforce due to the nature of the role, consistent with our reward policies. This means the ratios are likely to fluctuate depending on the performance of the business and associated outcomes of incentive plans in each year. Furthermore, the Committee is satisfied that our pay and broader people policies drive the right behaviours and reinforce the Group's values which in turn drive our culture. For these reasons, the Committee believes that the ratios are consistent with these policies.

Relative importance of spend on pay

The table below details the change in total staff pay between 2023 and 2024 compared with distributions to shareholders by way of dividend, share buy backs or any other significant distributions or payments:

	2024 (£'000)	2023 (£'000)	% change
Total gross staff pay	40,536	35,348	14.7%
Dividends/share buy back(s)	-	-	0%

Summary of shareholder voting

The following table shows the results of the advisory vote on the 2024 Directors' remuneration report and the binding vote on the Directors' Remuneration Policy at the 2024 AGM:

	Approval of the 2024 Directors' remuneration report (2024 AGM)		Approval of the Directors' Remuneration Policy (2024 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	111,345,847	97.78%	88,041,742	77.32%
Against	2,527,697	2.22%	25,820,467	22.68%
Votes withheld	3,942,289	-	3,953,624	-

Whilst the majority of shareholders voted for the proposal at the 2024 AGM, we recognise that more than 20% of shareholders voted against the new Policy (and associated plan rules). Prior to the AGM, we engaged with our major shareholders and made amendments to the proposals based on their feedback, including an increase to the proportion of awards deferred in shares and the inclusion of Mature Site Return on Invested Capital ('ROIC') in the performance metrics.

However, based on our engagement, as well as publicly disclosed voting rationale, we understand that some shareholders had outstanding concerns with the proposals, in particular relating to the plan being a non-standard structure in the UK market, the length of the performance period and alignment with the Company's share price.

The Committee recognised that developing a new remuneration approach that meets the requirements of all shareholders is challenging, but is of the view that the new Policy, which includes the TGG Incentive Plan, represents further alignment with shareholders and supports the retention of key talent during a critical period for the Company and therefore does not intend to make any changes at this time.

Remuneration Committee in 2024

The Committee's principal responsibilities are to recommend the Group's policy on Executive remuneration, determine the levels of remuneration for Executive Directors and the Chair of the Board and prepare the Directors' remuneration report for approval by the shareholders at the AGM.

The Chair of the Board, CEO and other senior management team members as necessary are invited to attend meetings of the Committee, except when their own remuneration is being directly discussed. The Committee met three times during the year.

The Committee has formal terms of reference which can be viewed on the Company's website: www.tggplc.com.

Engagement with employees

In May 2024, the CEO, CFO and Chief People Officer held briefing sessions to launch the new TGG Incentive Plan to participants, explaining how the new scheme operates and the associated performance targets, how it compares to the previous remuneration structure and the alignment with the remuneration structure for Executive Directors. The sessions also gave participants the opportunity to ask questions, during which there was a particular focus on explaining the performance measures and how employees could support the delivery of the stretching targets. We also provided accompanying explanatory materials and personal award documentation.

Outcomes of the 2024 pay review and 2023 bonus were communicated privately to employees via formal letters from the CEO, which were distributed by their respective line managers.

Governance report

Report of the Remuneration Committee continued

During the year, the Committee's key activities included:

- Consulting with shareholders on the new Policy and approving the final version of the Policy.
- Assessing the final vesting outcome under the 2021 performance share plan awards.
- Assessing the outturn of the 2023 annual bonus.
- Setting the performance measures, weightings and targets for the 2024 TGG Incentive Plan.
- Approving a grant of options under the Save As You Earn scheme.
- Reviewing and approving a Company wide pay review for 2025.
- Receiving updates on shareholder views on remuneration.

Advisers to the Remuneration Committee

The Committee appointed PricewaterhouseCoopers LLP ("PwC") as external independent remuneration advisers to the Committee following a competitive tender process in early 2023. PwC advised the Company on all aspects of the remuneration for Executive Directors and the senior management team. PwC received fees of £144,378 plus VAT for their advice during the year to 31 December 2024, partly on a fixed fee and partly on a time and materials basis.

PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. There are processes in place to ensure the advice received by the Committee is independent of any support provided to management. The Committee is therefore of the view that PwC provided independent remuneration advice to the Committee and does not have any connections with the Group or any Director that may impair their independence.

Directors Remuneration Policy

The Directors' Remuneration Policy was approved at the AGM on 9 May 2024 and took effect from that date. A summary of the key elements of the Policy are set out below, and the full version can be found within the Notice of 2024 AGM which is available on our website at: www.tggplc.com/investors.

Element, purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary <i>This is the core element of pay and reflects the individual's role and position within the Group with some adjustment to reflect their capability and contribution.</i>	<p>Base salaries will typically be reviewed annually, with consideration given to the performance of the Company and the individual, any changes in responsibilities or scope of the role, as well as pay practices in relevant comparator companies of a broadly similar size and complexity with due account taken of both market capitalisation and turnover.</p> <p>The Committee does not strictly follow benchmark pay data but instead uses it as one of a number of reference points when considering, in its judgement, the appropriate level of salary. Base salary is paid monthly in cash.</p>	<p>It is anticipated that increases will generally be in line with percentage increases awarded to salaried staff.</p> <p>However, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Company performance), the Committee may make larger salary increases to ensure they are market competitive. The rationale for any such increase will be disclosed in the relevant Annual Report and Accounts.</p>	N/A

Element, purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Benefits <i>To provide a comprehensive and competitive benefits package which is valued by recipients.</i>	<p>The Executive Directors currently receive private medical cover, a car or travel allowance and a car parking space.</p> <p>The Committee reserves the discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice.</p> <p>Where appropriate, the Company will meet certain costs relating to Executive Director relocations.</p>	<p>The costs of benefits provided may fluctuate from year to year, even if the level of provision has remained unchanged.</p> <p>Relocation expenses are subject to a maximum limit of 100% of base salary, provided that such expenses may be paid only in the year of appointment and for a further two financial years.</p> <p>The Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than the Committee considers appropriate in all the circumstances.</p>	N/A
Pension <i>To provide a competitive remuneration package and to encourage retirement planning and retain flexibility for individuals.</i>	<p>Executive Directors can receive pension contributions to personal pension arrangements or, if a Director is impacted by annual or lifetime limits on contribution levels to qualifying pension plans, the balance (or all) can be paid as a cash supplement.</p>	<p>The maximum employer's contribution is aligned to the contribution levels for the majority of the workforce (currently 4% of base salary).</p>	N/A

Governance report

Report of the Remuneration Committee continued

Element, purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p>TGG Incentive Plan</p> <p><i>To incentivise the delivery of financial priorities and directly align the Directors' interests with those of shareholders.</i></p>	<p>Awards will be subject to performance measures measured over a one year period with measures reviewed annually to ensure that they remain fit for purpose.</p> <p>Up to 35% of any award is paid in cash following the end of the performance period.</p> <p>The balance (at least 65%) is delivered in shares (in the form of a conditional share award or option). The shares will normally be granted at the start of the performance period (or shortly thereafter) and will be reduced following the end of the one year performance period to the extent that the relevant performance targets are not met in full. The resulting shares will then vest after a further two years (i.e. three years after the date of grant) subject to continued employment and the satisfaction of one or more performance underpins.</p> <p>Vested shares will be subject to a further two year post-vesting holding period, during which time the Executive Directors are not permitted to sell the vested shares (or exercise the option).</p> <p>During the vesting period (and the additional holding period) the value of any dividends on vested shares will be credited as reinvested in further award shares.</p> <p>Awards are subject to malus and clawback provisions. In respect of the cash element of awards, malus provisions apply for the duration of the performance period and clawback provisions apply for two years following payment. In respect of the shares element of awards, malus provisions apply during the vesting period and clawback provisions apply for two years after vesting.</p>	<p>Up to 275% of salary</p>	<p>Performance measures may be based on financial and non-financial metrics (including corporate, divisional or performance measures), but at least 50% of awards will be based on financial measures.</p> <p>Where a sliding scale of targets is used, attaining the threshold level of performance for any measure will not typically produce a payout of more than 20% of the maximum portion of overall annual bonus attributable to that measure, with a sliding scale to full payout for maximum performance.</p> <p>The performance underpin(s) may be based on financial and/or non-financial metrics.</p> <p>In accordance with the Code, the Remuneration Committee will retain overall discretion to adjust awards if they are not believed to be in line with overall Company performance.</p>

Element, purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p>Share ownership guidelines</p> <p><i>To further align the interests of Executive Directors with those of shareholders.</i></p>	<p>Executive Directors are expected to build up a prescribed level of shareholding equal to 200% of salary. The Committee has the discretion to amend, but not reduce, this level in future years.</p> <p>To the extent that the prescribed level has not been reached, Executive Directors will be expected to retain a proportion of the shares vesting under the Company's share plans until the guideline is met. For the purpose of assessing the shareholder versus the prescribed level, any vested awards subject to a holding period and unvested awards not subject to performance conditions will be included (discounted for anticipated tax liabilities).</p> <p>In addition to the shareholding guideline above, Executive Directors will be expected to retain the lower of actual shares held at cessation and shares equal to 200% of salary for two years post-cessation. The Committee may disapply this requirement and/or permit earlier sale of shares in exceptional circumstances. This guideline applies in respect of any vested shares which vest from PSP and DSBP awards granted after the 2022 AGM.</p>	<p>N/A</p>	<p>N/A</p>

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Report of the Remuneration Committee continued

Element, purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p>All-staff share plans <i>To encourage share ownership by staff, thereby allowing them to share in the long term success of the Group and align their interests with those of shareholders.</i></p>	<p>The Company operates an all-staff Share Incentive Plan (under which an award of 'free shares' can be made, as well as 'partnership shares' and 'matching shares'). The Company also operates a Sharesave scheme.</p> <p>These all-staff share plans are established under HMRC tax advantaged regimes and follow the usual form for such plans.</p> <p>Executive Directors are eligible to participate in each of the all-employee share plans on the same terms as other Group staff.</p>	<p>The maximum participation levels for all-staff share plans will be the limits for such plans set by HMRC from time to time.</p>	<p>N/A</p>
<p>Chair of the Board and Non-Executive Director remuneration <i>To enable the Company to recruit and retain Company Chairs and Non-Executive Directors of the highest calibre, at the appropriate cost.</i></p>	<p>The fees paid to the Chair of the Board and Non-Executive Directors are intended to be competitive with other fully listed companies of equivalent size and complexity. The fees for the Chair of the Board and Non-Executive Directors may include a basic fee and additional fees for further responsibilities (for example, when chairing Board Committees or holding the office of Senior Independent Director).</p> <p>The fees payable to the Non-Executive Directors are determined by the Board. The fee for the Chair of the Board is determined by the Remuneration Committee.</p> <p>Directors do not participate in decisions regarding their own fees.</p> <p>No benefits are envisaged for the Non-Executive Directors, although the Company reserves the right to provide benefits, such as travel and office support. As Founder, John Treharne currently receives certain benefits in line with his legacy provision.</p>	<p>The aggregate fees and any benefits of the Chair of the Board and Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £1,000,000 p.a. in aggregate).</p> <p>Any increases actually made will be appropriately disclosed.</p>	<p>N/A</p>

In addition, the Committee has ensured that the Directors' Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code:

Clarity – Our Directors' Remuneration Policy is well understood by our senior management team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during consultation when changes are being made).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Directors' Remuneration Policy and practices are straightforward to communicate and operate.

Risk – Our Directors' Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of performance measures in the TGG incentive plan which employs a blend of financial and non-financial measures and is subject to an underpin such that a proportion of the award will not vest if the level of Group Adjusted EBITDA Less Normalised Rent is not maintained during the deferral period (ii) the significant role played by shares in our incentive plans (together with shareholding requirements during, and after, employment), and (iii) malus/clawback provisions within all our incentive plans.

Predictability – Our incentive plan is subject to individual caps, with our share plans also subject to market standard dilution limits. At the time of approving the Policy, full information on the potential values of the annual TGG Incentive Plan are provided, with strict maximum opportunities and minimum, target and maximum performance scenarios.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our Executive pay policies are fully aligned to The Gym Group's culture through the use of metrics in the TGG Incentive Plan that measures how we perform against key aspects of our strategy, which has the objective of delivering sustainable growth. The Committee oversees consistent workforce reward principles and is satisfied that these policies drive the right behaviours and reinforce the Group's values, which in turn promote an appropriate culture. The use of deferral in shares under the TGG Incentive Plan, holding periods and our shareholding requirements strengthen the focus on our strategic aims and ensure alignment with the interests and experiences of shareholders, both during and after employment.

On behalf of the Board

Wais Shaifta
Chair of the Remuneration Committee
12 March 2025

Governance report Directors' report

The Directors present their report together with the audited financial statements for the period ended 31 December 2024.

There are references in this section to other areas of the Annual Report and Accounts 2024, which form part of this report. A summary statement of non-financial and sustainability information can also be found on page 63.

Corporate structure

The Gym Group plc is a public company limited by shares, incorporated in England and Wales, and its shares are traded on the Main Market of the London Stock Exchange. The Company number is 08528493.

The Board

The Directors who served during the year were:

John Treharne

Will Orr

Luke Tait

Elaine O'Donnell

Wais Shaifta

Richard Stables

Simon Jones

Ann-marie Murphy

(resigned with effect from 31 January 2024)

The roles and biographies of the Directors as at the date of this report are on pages 66 to 67. The general powers of the Directors are set out in Articles 64 to 68 of the Company's Articles of Association (the 'Articles'). These provide that the Board may exercise all the powers of the Company, subject to applicable legislation, the Articles and any special resolution of the Company.

Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Articles. These state that the number of Directors shall not be less than two nor exceed 12 and that:

- The shareholders may, by ordinary resolution, elect any person willing to act as a Director.
- The Board may, by ordinary resolution, appoint any person willing to be a Director.
- Every Director shall retire at each AGM and be eligible for election or re-election, as appropriate.
- The Company may, by special resolution, or ordinary resolution of which special notice has been given according to applicable legislation, remove any Director before the expiration of his or her period of office.
- There are a number of other grounds on which a Director's office may cease, namely: voluntary resignation; if they are absent without special leave of absence for a period of more than six months; they are physically or mentally incapable of acting as a Director; or they become bankrupt or prohibited by law from being a Director.

Directors' indemnity insurance

The Company has granted an indemnity by way of deed poll to its Directors against any liability which attaches to them in defending proceedings brought against them, to the extent permitted by English law. In addition, Directors and Officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance.

Compensation for loss of office

The Company does not have arrangements with any Director which would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover.

Dividend

As noted on page 29, the Directors are not proposing a final dividend for the year ended 31 December 2024. Whilst dividends and other returns of capital to shareholders will be considered by the Directors in the future, we are not currently proposing a dividend as we continue to see significant opportunities, with attractive returns, to invest our free cash flow.

Going concern

As noted on pages 61 to 62, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 June 2026. As a result, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Future developments in the business

The likely future developments in respect of the business can be found in the Strategic report on pages 6 to 63 and forms part of this report.

Corporate governance

A report on corporate governance and compliance with the Code is set out on pages 64 to 79, and forms part of this report.

Health and safety

An overview of health and safety is provided in the Sustainability report on page 36 and forms part of this report.

Greenhouse gas emissions

Information on the Group's greenhouse gas emissions is set out in the Sustainability report on pages 42 to 45 and forms part of this report.

Human rights, anti-bribery and anti-corruption

We conduct our business honestly and ethically wherever we operate. Our Human Rights and Anti-Bribery and Anti-Corruption Policy Statements can be found on our website. We also have a detailed Anti-Bribery and Anti-Corruption Policy and conduct related mandatory training for all employees via our intranet.

We comply with the Modern Slavery Act and our Modern Slavery Act Statement, including further information on our activity to mitigate related risks, can be found on our website: www.tggplc.com/modern-slavery.

Charitable and political donations

During 2024, the Company donated £18,000 to charitable organisations and, with the help of our colleagues and members, fundraised over £100,000 for NHS Charities Together (see the Sustainability report on page 36). The Company made no political donations in 2024 (2023: £nil).

Employee involvement and policy regarding disabled persons

At The Gym Group, we're committed to breaking down barriers to fitness for individuals with disabilities. As a Disability Confident employer, we embrace equal opportunities and ensure fair treatment for all, regardless of sex, race, ethnic origin, or disability. Our initiatives include accessible recruitment, tailored onboarding, and dedicated training for both staff and members. We also offer a targeted traineeship programme to help people with disabilities enter the workforce. To better support our community, we collect disability data, helping us identify needs, improve inclusivity and measure our progress. We are committed to the career development and promotion of employees with disabilities, ensuring equal opportunities for growth and progression within the Company. If an employee becomes disabled during their time with us, we're dedicated to supporting them through workplace adjustments or retraining to ensure they thrive in a new role. Together, we're creating an inclusive, supportive environment where everyone can reach their potential.

Directors' interests

The beneficial interests of the Directors and their connected persons in the Company's issued Ordinary shares at 31 December 2024, are provided on page 99 of the Report of the Remuneration Committee.

Share capital

As at 31 December 2024, the Company had a total of 179,287,837 Ordinary shares in issue, with a nominal value of £0.0001 each with one vote per share.

Ordinary shares

The Company's Ordinary shares rank pari passu in all respects including for voting, dividend and other distribution purposes. Each Ordinary share ranks equally in the right to receive a relative proportion of shares in case of a capitalisation of reserves. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company.

The Ordinary shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

Major interests in shares

As at 31 December 2024, the Company was aware of the following interests representing 3% or more of the issued share capital of the Company (see table opposite). It should be noted that these holdings may have changed since notified to the Company. However, notification of any change is not required until the next applicable threshold is crossed.

Institution	Number of shares	Percentage
Blantyre Capital	21,059,643	11.75%
Liontrust Sustainable Investments	17,822,922	9.94%
Goldman Sachs Collateral Account	16,344,543	9.12%
Royal Bank of Canada (previously BlueBay Asset Management)	13,609,154	7.59%
Forum Family Office	12,579,567	7.02%
Fidelity International	10,841,141	6.05%
Invesco	8,736,061	4.87%
Gresham House Asset Management	7,228,566	4.03%
Columbia Threadneedle Investments	6,739,798	3.76%

Since 31 December 2024 until 12 March 2025, the Company has not been notified of any further interests representing over 3% of the issued share capital or any changes in the aforementioned holdings that would warrant disclosure.

There are no restrictions on transfers of Ordinary shares other than:

- certain restrictions which may from time to time be imposed by laws or regulations such as those relating to insider dealing;
- some of the Company's employee share plans include restrictions on transfer of shares while the shares are held within the plan;
- pursuant to the Group's Share Dealing Code whereby the Directors and designated employees require approval to deal in the Company's shares; and
- where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

The Company is not aware of any arrangements between shareholders which may result in restrictions on the transfer of securities or voting rights.

Governance report

Directors' report continued

Amendment to the Company's Articles of Association

The Company may alter its Articles of Association by special resolution passed at a general meeting of shareholders.

Authority for the Company to purchase its own shares

At the 2024 AGM, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 17,911,737 shares (being approximately 10% of the issued share capital at that time) at prices not less than the nominal value of each share (being £0.0001 each). No use was made of this authority during 2024. The Company intends to renew this authority at its 2025 AGM.

Authority to allot shares

At the 2024 AGM, authority was given to the Directors to allot new Ordinary shares up to a nominal value of £5,970.57, equivalent to 33.33% of the issued share capital of the Company at that time. In addition, authority was given to the Directors to allot further new Ordinary shares up to a nominal value of £11,941.16, equivalent to 66.67% of the authorised share capital of the Company at that time, in connection with a rights issue or other pre-emptive offer to Ordinary shareholders. The Company intends to renew this authority at its 2025 AGM.

Significant agreements

The Company is not a party to any significant agreements which would take effect, alter or terminate upon a change of control of the Company.

Financial risk management

The Group's financial risk management objectives and policies, including its use of financial instruments, are set out in Note 22 to the consolidated financial statements.

Information presented in other sections

Certain information must be included in the Annual Financial Report under Listing Rule 6.6. The table below provides references to where this information can be found. If a requirement is not shown, it is not applicable to the Company.

Section	Listing Rule requirement	Location
1	A statement of the amount of interest capitalised by the Group during the period under review with an indication of the amount and treatment of any related tax relief	Note 9 Finance costs (page 141)
4	Details of long term incentive schemes	Report of the Remuneration Committee (pages 92 to 109)
10	Details of contracts of significance	Corporate Governance report (page 74 Directors' conflicts of interest)

Stakeholder engagement

In their decision-making, the Directors have regard to their duties under the Companies Act 2006 including Section 172, which focuses on their responsibility to promote the long term success of the Company for the benefit of its collective shareholder base. In doing so, a number of matters must be considered, including fostering relationships with the Company's key stakeholders. These key stakeholders include shareholders, employees, members and suppliers. A detailed report on the Board's engagement with key stakeholders and how those stakeholders' interests were considered during the reporting period are set out in our Section 172 statement on pages 75 to 79 and in the Corporate governance report on page 74.

Auditor

Each Director in office at the date of approval of the Annual Report and Accounts 2024 confirms that: a) so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and b) the Director has taken all the steps which they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Following a formal tender process, Grant Thornton UK LLP has been appointed by the Board on the recommendation of the Audit and Risk Committee, to conduct the audit of the Company's financial statements for the year ending 31 December 2025 and a resolution for their appointment will be proposed at the forthcoming AGM. Further details on the tender process may be found in the Report of the Audit and Risk Committee on pages 87 to 88.

AGM

The Notice convening the 2025 AGM will be circulated to shareholders separately with details of the meeting. We will ensure that shareholders are kept informed using the Notice of Meeting, our website, and relevant regulatory announcements in due course.

On behalf of the Board

Camille Skerritt
Company Secretary

12 March 2025

Governance report

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Accounts 2024 in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards ('IFRS'), and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). Under company law, the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (or in respect of the Parent Company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and performance;
- in respect of the Group financial statements, state whether applicable UK-adopted IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company financial statements, state whether applicable UK accounting standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is appropriate to presume that the Company and/or Group will not continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and Group financial statements comply with the relevant financial reporting framework. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Report of the Remuneration Committee and Corporate Governance report that comply with those laws and regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Responsibility statement

The Directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the Parent Company and subsidiary undertakings included in the consolidation taken as a whole;
- that the Annual Report and Accounts 2024, including the Strategic report, includes a fair review of the development and performance of the business and the position of the Company and subsidiary undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report and Accounts 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position, performance, business model and strategy of the Company and subsidiary undertakings included in the consolidation taken as a whole.

On behalf of the Board

Will Orr
Chief Executive Officer

12 March 2025

Financial statements

Independent auditor's report

to the members of The Gym Group plc

Opinion

In our opinion:

- The Gym Group plc's Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Gym Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise:

Group	Parent Company
Consolidated statement of financial position as at 31 December 2024	Company statement of financial position as at 31 December 2024
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 8 to the financial statements including material accounting policy information
Consolidated cash flow statement for the year then ended	
Related notes 1 to 27 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the forecast cash flows and covenant calculations covering the period from the date of signing to 30 June 2026 and we agreed these to the Group's three year financial plan;
- We considered the appropriateness of the going concern assessment period, taking into consideration events after the going concern period which may have an impact;
- We tested the mathematical accuracy of the cash flows, as well as the calculation of the forecast covenants;
- We assessed, against historic and current membership levels and independently sought evidence from sector forecasts, the sensitivity of the reduction in membership numbers that would lead to a covenant breach under the reverse stress test scenario, and the impact this would have on liquidity;
- We corroborated lease costs to agreements; rate forecasts to published rate increases; and benchmarked costs against external industry forecasts;
- We further corroborated the membership impact of the timing/number of new gym openings with management's expansion plans;
- We understood and considered the Board's controllable mitigation plans, including reduced gym openings, lower marketing spend, deferral of projects and the forecast impact on the ability of the business to operate within its financial covenants. We obtained supporting documentation to evaluate the plausibility of management's mitigation plans considering actions delivered to date;
- We compared forecast future cash flows to historical data, ensuring variations are in line with our expectations and understanding of the business to consider the reliability of past forecasts;
- We considered the results of other audit procedures and other knowledge obtained in the audit and whether it was consistent with or contradicted management's assumptions;
- We performed our own sensitivity analysis on management's forecast cash flows (including their reverse stress tested model);
- We agreed available banking facilities to underlying agreements and the extent of drawings thereunder to external confirmations at 31 December 2024;
- We enquired with management in respect of any events beyond the going concern period; and
- We assessed the adequacy of disclosures within the Annual Report and Accounts.

Going concern has not been determined to be a key audit matter. We observed that membership rose 5% to 891,000 in the year. Under the reverse stress test, a reduction in members of 23% from April 2025 would be required to create a breach of the fixed charge cover covenant in June 2026 (after applying available controllable mitigations) with no liquidity issues.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of 15 months from when the financial statements are authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Financial statements

Independent auditor's report continued

to the members of The Gym Group plc

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of two components.
Key audit matters	<ul style="list-style-type: none"> Deferral of membership income. Property, plant and equipment and Right-of-use assets impairment testing, including cash flow and discount rate assumptions.
Materiality	<ul style="list-style-type: none"> Overall Group materiality of £1,668,000 which represents 2% of Group EBITDA.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

In the current year, our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, and the existence of centralised processes and applications.

We determined that there are no centralised audit procedures applicable to the components. Consequently, all audit procedures were conducted at the component level.

We then identified two components as individually relevant to the Group due to materiality, significant risk and financial size of the components relative to the Group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. We have not selected any additional component of the Group to be included in our audit scope as the remaining balance was not material at the Group level.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

We designed and performed audit procedures on the entire financial information of the two components selected ('full scope components'). No component was identified as specific scope or component requiring specified procedures.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be from reputational risk of not meeting net zero targets and physical risks regarding heatwaves and temperature increases. These are explained on pages 46 to 49 in the required Task Force on Climate-Related Financial Disclosures and on pages 50 to 60 in the Principal risks and uncertainties. They have also explained their climate commitments on pages 42 to 45. All of these disclosures form part of the 'Other information', rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

In planning and performing our audit, we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in their Summary of material accounting policies, how they have reflected the impact of climate change in their financial statements, including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. There are no significant judgements and estimates relating to climate change impacting the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, and the effects of material climate risks disclosed on pages 48 and 49. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Financial statements

Independent auditor's report continued

to the members of The Gym Group plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk

Deferral of membership income – total revenue for the year ended 31 December 2024: £226.3m (31 December 2023: £204.0m), of which £15.8m was deferred at 31 December 2024 (31 December 2023: £14.4m) and presented in the Consolidated statement of financial position as contract liabilities.

Refer to the Report of the Audit and Risk Committee (pages 84 to 89); Accounting policies (page 130); and Note 5 of the Consolidated financial statements (page 139).

In preparing the Consolidated financial statements, management needs to calculate the amount of joining and subscription payments collected which relate to membership after the year end date and for which the related revenue should be deferred and presented as a contract liability under IFRS 15 'Revenue from Contracts with Customers' ('IFRS 15').

Although the calculation of deferred membership fees does not involve significant judgement or estimation, there are a number of inputs including large numbers of members, varying subscription rates and the reliance on outsourced processes which could be open to manipulation. The deferred revenue calculation is automated, driven by manually input reports. There is an increased risk of material error and management override in the inputs to this calculation. Further, consistent with Auditing Standards, the recognition of revenue is assessed as a material fraud risk on every audit engagement with only rare exceptions.

Our response to the risk

We reconfirmed our understanding of the Group's revenue recognition and deferred membership fee income calculation processes and related controls and performed walkthrough procedures. In addition to making enquiries of management, we also made enquiries of the outsourced membership management service provider (Xplor) to obtain an understanding of the outsourced elements of the membership income process.

We tested the completeness of the members included in the deferred membership fee income calculation.

We agreed a sample of the data used in management's deferred revenue calculation (for example the membership ID, joining/direct debit date, and headline rate) to the members database and the December 2024 membership income reports used to post revenue to test the accuracy of the data.

We also tested completeness and accuracy of the membership data held by the Group and used to recognise revenue, by comparing the daily income files provided to us from management to the daily income files provided directly from the outsourced membership management service provider.

We involved our IT audit team to test the related automated control supporting the deferred revenue calculation automatically performed by the Workday system.

We performed substantive analytical procedures on the deferred revenue balance by setting detailed expectations and comparing these with actual results.

We tested the appropriateness of material journal entries recorded in the general ledger in relation to revenue and, in particular, those related to deferred income.

We considered the risk of management override in the revenue process, including the deferred membership income calculation, by performing journal entry testing on material journals, and assessing management's methods and inputs used to calculate deferred income.

Key observations communicated to the Audit and Risk Committee

Based on our procedures, deferral of membership income for the year ended 31 December 2024 is appropriately recognised and presented as contract liabilities as at that date.

How we scoped our audit to respond to the risk

We performed full scope audit procedures over this risk, which covered 100% of the risk amount. All audit work performed to address this risk was undertaken by the Group audit team.

Risk

Property, plant and equipment ('PPE') impairment testing – 31 December 2024: £181.2m (31 December 2023: £171.7m); Right-of-use ('ROU') assets 31 December 2024: £280.5m (31 December 2023: £278.1m).

Refer to the Report of the Audit and Risk Committee (pages 84 to 89); Accounting policies (page 133); and Notes 13 and 14 of the Consolidated financial statements (pages 145 to 148)

As disclosed in Notes 13 and 14 to the Consolidated financial statements, PPE including ROU assets of £461.7m is recognised.

Management has undertaken an annual impairment review in respect of PPE and ROU assets and has recognised an impairment of £0.4m in the current year.

We focused on this area due to both the significance of the carrying value of PPE and ROU assets; and the inherent uncertainty involved in an impairment review, which requires management to make significant judgements and estimations as to future outcomes and assumptions of cash flows (for example customer acquisition and retention, changes in subscription rates, operating costs etc), along with the discount rate to be applied to those cash flows and the determination of CGUs. In addition, such judgements and estimates could be influenced by management bias.

The significant assumptions are disclosed in Note 13 for PPE and Note 14 for ROU assets.

Our response to the risk

We performed a walkthrough of the process and controls to gain an understanding of the Group's impairment process, including the calculation methodology, selection of and sources of key assumptions, oversight and sensitivities applied.

In the current year, management refined their indicators of impairment and focused their impairment testing on those sites meeting the criteria set. We evaluated management's indicators to determine if they were sufficiently sensitive and appropriate for use. We tested the application of those indicators against the three year plan and impairment models.

Where impairment indicators were present, we discussed with management the basis of the key assumptions used for the particular CGU:

- In the value in use impairment model used to determine the recoverable amount of the CGU, being the pre-tax discount rate, long term growth rate and assumptions relating to revenue and cost cash flows;
- Where an impairment loss was identified, in the model for determining fair value less costs of disposal of ROU assets, being the pre-tax discount rate and assumptions relating to the sublease of sites.

We assessed management's membership assumptions and supporting data in relation to Ultimate membership that underpin the clustering of certain gyms as one CGU.

We obtained management's three year plan for 2025 to 2027 and assessed assumptions within this. We challenged the reasonableness of assumptions by reference to historical data, analysis by our own valuation experts, external benchmarks, corroborative but also contradictory sources of information, and the risk of management bias.

We sought contradictory evidence through other areas of our audit, internal and external information on industry and other macroeconomic factors and assessed the appropriateness of significant assumptions and cost mitigations used in the impairment calculation.

We conducted a review specifically targeting those gyms that exhibited signs of potential impairment. This consideration included performing our own sensitivity analysis by reference to the results of our assessment of assumptions referred to above.

We deployed data analytics tools to allow for dashboard analysis and testing of key assumptions underlying the model in a more streamlined and visual manner.

We considered management's sensitivity analysis showing the impact of a reasonably possible change in key impairment assumptions to determine whether an impairment charge would be required. This consideration included performing our own sensitivity analysis by reference to the results of our assessment of assumptions referred to above.

As part of our work, we utilised EY valuations specialists to assist in our assessment of the discount rate and long term growth rate assumptions used in the impairment models.

We assessed the financial statements disclosures, particularly those in Note 13 for PPE and 14 for ROU assets to the Consolidated financial statements, against the requirements of IAS 36 'Impairment of assets' and IAS 1 'Presentation of financial statements' ('IAS 1'), particularly those related to judgements, estimation uncertainty and sensitivities.

Financial statements

Independent auditor's report continued

to the members of The Gym Group plc

Key observations communicated to the Audit and Risk Committee

Based on our procedures, we consider management's assessment and the impairment charges which have been recorded in the current year as reasonable. The financial statements disclosures, particularly those in Notes 13 and 14 to the Consolidated financial statements, materially comply with the applicable requirements of IAS 36 and IAS 1.

How we scoped our audit to respond to the risk

We performed full scope audit procedures over this risk in all identified individually relevant components, which covered 100% of the risk amount. All audit work performed to address this risk was undertaken by the Group audit team.

The same items were identified as key audit matters in both the current and prior year auditor's reports.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1,668,000 (2023: £1,480,000), which is 2% (2023: 2%) of Group EBITDA. We believe that Group EBITDA would be the most appropriate basis given the focus on Group EBITDA as the Group's results continue to normalise.

We determined materiality for the Parent Company to be £2,364,092 (2023: £3,022,000), which is 1% (2023: 1%) of net assets. Being a holding entity, and non-trading, an earning or activity based basis for planning materiality is not applicable, therefore we have applied an equity-based approach and have selected assets.

During the course of our audit, we reassessed initial materiality and there was no change in our final materiality from our original assessment at planning.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £1,251,000 (2023: £1,111,500). We have set performance materiality at this percentage due to experience with the Group demonstrating an effective control environment and low incidence of misstatements.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the Group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the performance materiality allocated to components was £1,251,000, both components selected being full-scope (2023: £222,300 to £1,111,500).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £83,400 (2023: £74,100), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report and Accounts 2024 set out on pages 1 to 113, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Report of the Remuneration Committee to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the 'FCA rules'), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance statement and practices and about its administrative, management and supervisory bodies and their Committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic report or the Directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Report of the Remuneration Committee to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance statement has not been prepared by the Company.

Financial statements

Independent auditor's report continued

to the members of The Gym Group plc

Corporate Governance statement

We have reviewed the Directors' statement in relation to going concern, longer term viability and that part of the Corporate Governance statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 61 to 62;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 61 to 62;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 61 to 62;
- Directors' statement on fair, balanced and understandable set out on page 113;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 50 to 60;
- The section of the Annual Report and Accounts that describes the review of effectiveness of risk management and internal control systems set out on pages 50 to 60; and
- The section describing the work of the Audit and Risk Committee set out on pages 84 to 89.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 113, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the Companies Act 2006; UK Listing Rules; UK Listing Authority – Disclosure and Transparency Rules; The Companies (Miscellaneous Reporting Regulation) 2018; The Large and Medium-sized Companies and Groups (Accounts and Reports (Amendment)) Regulations 2013, in particular in respect of the Report of the Remuneration Committee; UK Tax Legislation; and the UK Corporate Governance Code 2018.
- We understood how The Gym Group plc is complying with those frameworks by making enquiries of senior management and those charged with governance; attendance at Audit and Risk Committee meetings; obtaining an understanding of entity-level controls and considering the influence of the control environment; obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programmes and controls established to address risks identified, or otherwise prevent, deter and detect fraud, as well as reviewing the risk register and how senior management monitors those programmes and controls; and reviewing correspondence with relevant regulatory authorities.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by discussing within the audit team; performing client continuance procedures; reviewing interim financial information; identifying related parties; and considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on material journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; inspecting Board meeting minutes in the period and up to date of signing; enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, and whether such policies are formalised in a code of conduct, conflict of interests statement or similar standard; enquiring about the entity's methods of enforcing and monitoring compliance with such policies, if any; and inspecting correspondence, if any, with regulatory authorities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 29 July 2015 to audit the financial statements for the year ending 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is ten years, covering the years ending 31 December 2015 to 31 December 2024.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Venner (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

12 March 2025

Financial statements

Consolidated statement of comprehensive income

for the year ended 31 December 2024

	Note	31 December 2024 £m			31 December 2023 £m		
		Underlying	Non-underlying (Note 8)	Total	Underlying	Non-underlying (Note 8)	Total
Revenue	5	226.3	–	226.3	204.0	–	204.0
Cost of sales		(2.9)	–	(2.9)	(2.8)	–	(2.8)
Gross profit		223.4	–	223.4	201.2	–	201.2
Other income		0.1	–	0.1	0.3	–	0.3
Operating expenses (before depreciation, amortisation and impairment)	6	(139.6)	(0.4)	(140.0)	(128.4)	(1.5)	(129.9)
Depreciation, amortisation and impairment	12, 13, 14	(60.1)	(0.5)	(60.6)	(57.5)	(0.8)	(58.3)
Operating profit		23.8	(0.9)	22.9	15.6	(2.3)	13.3
Finance costs	9	(20.7)	(0.2)	(20.9)	(21.4)	(0.5)	(21.9)
Finance income		0.5	–	0.5	0.3	–	0.3
Profit/(loss) before tax		3.6	(1.1)	2.5	(5.5)	(2.8)	(8.3)
Tax credit/(charge)	10	1.8	0.1	1.9	(0.6)	0.5	(0.1)
Profit/(loss) for the year attributable to equity shareholders		5.4	(1.0)	4.4	(6.1)	(2.3)	(8.4)
Other comprehensive income for the year		–	–	–	–	–	–
Total comprehensive income/(expense) attributable to equity shareholders		5.4	(1.0)	4.4	(6.1)	(2.3)	(8.4)
Earnings/(loss) per share (p)	11	3.0	–	2.5	(3.4)	–	(4.7)
Basic		3.0	–	2.5	(3.4)	–	(4.7)
Diluted		2.9	–	2.4	(3.4)	–	(4.7)

Reconciliation of Operating profit to Group Adjusted EBITDA Less Normalised Rent¹

	Note	31 December 2024 £m	31 December 2023 £m
Operating profit		22.9	13.3
Add back:		0.9	2.3
Non-underlying operating items	8	0.9	2.3
Share based payments			
(included in Operating expenses)	7, 25	3.4	2.4
Underlying depreciation and amortisation	12, 13, 14	60.1	57.5
Group Adjusted EBITDA		87.3	75.5
Less:		(39.6)	(37.0)
Normalised Rent ²		(39.6)	(37.0)
Group Adjusted EBITDA Less Normalised Rent¹		47.7	38.5

¹ Group Adjusted EBITDA Less Normalised Rent is a non-statutory metric used internally by management and externally by investors. It is calculated as operating profit before depreciation, amortisation, share based payments and non-underlying items, and after deducting Normalised Rent. Refer to the KPIs on pages 32 to 33 for further information.

² Normalised Rent is the contractual rent payable, recognised in the monthly period to which it relates.

The Notes on pages 128 to 157 form an integral part of the financial statements.

Financial statements

Consolidated statement of financial position

as at 31 December 2024

	Note	31 December 2024 £m	31 December 2023 £m
Non-current assets			
Intangible assets	12	92.2	91.4
Property, plant and equipment	13	181.2	171.7
Right-of-use assets	14	280.5	278.1
Investments in financial assets	15	1.0	1.0
Deferred tax assets	10	18.2	16.3
Total non-current assets		573.1	558.5
Current assets			
Inventories		0.7	0.7
Trade and other receivables	16	8.8	10.8
Cash and cash equivalents	17	3.0	1.5
Total current assets		12.5	13.0
Total assets		585.6	571.5
Current liabilities			
Trade and other payables	18	49.5	43.6
Lease liabilities	14	27.6	28.6
Provisions	21	0.5	0.1
Total current liabilities		77.6	72.3
Non-current liabilities			
Borrowings	19	61.3	58.9
Lease liabilities	14	312.9	310.6
Provisions	21	2.2	1.7
Total non-current liabilities		376.4	371.2
Total liabilities		454.0	443.5
Net assets		131.6	128.0
Capital and reserves			
Own shares held	24	0.1	0.1
Share premium	24	189.9	189.8
Own shares reserve – EBT	24	(3.0)	–
Merger reserve	24	39.9	39.9
Retained deficit	24	(95.3)	(101.8)
Total equity shareholders' funds		131.6	128.0

The Notes on pages 128 to 157 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 12 March 2025.

Signed on behalf of the Board of Directors

Will Orr
Chief Executive Officer

Luke Tait
Chief Financial Officer

Company Registration Number 08528493

Financial statements

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Note	Own shares held £m	Share premium £m	Own shares reserve – EBT £m	Merger reserve £m	Retained deficit £m	Total £m
At 1 January 2023		0.1	189.8	–	39.9	(95.8)	134.0
Loss for the year		–	–	–	–	(8.4)	(8.4)
Other comprehensive income for the year		–	–	–	–	–	–
Loss for the year and total comprehensive expense		–	–	–	–	(8.4)	(8.4)
Share based payments	25	–	–	–	–	2.4	2.4
At 31 December 2023		0.1	189.8	–	39.9	(101.8)	128.0
Profit for the year		–	–	–	–	4.4	4.4
Other comprehensive income for the year		–	–	–	–	–	–
Profit for the year and total comprehensive income		–	–	–	–	4.4	4.4
Share based payments	25	–	–	–	–	2.9	2.9
Issue of Ordinary share capital		–	0.1	–	–	–	0.1
Purchase of own shares by EBT		–	–	(3.5)	–	–	(3.5)
Exercise of share options		–	–	0.5	–	(0.8)	(0.3)
At 31 December 2024		0.1	189.9	(3.0)	39.9	(95.3)	131.6

The Notes on pages 128 to 157 form an integral part of the financial statements.

Financial statements

Consolidated cash flow statement

for the year ended 31 December 2024

	Note	31 December 2024 £m	31 December 2023 £m
Cash flows from operating activities			
Profit/(loss) before tax		2.5	(8.3)
<i>Adjustments for:</i>			
Finance costs	9	20.9	21.9
Finance income		(0.5)	(0.3)
Non-underlying operating items	8	0.9	2.3
Underlying depreciation of property, plant and equipment	13	24.6	24.0
Underlying depreciation of right-of-use assets	14	29.4	28.0
Underlying amortisation of intangible assets	12	6.1	5.5
Share based payments and associated NICs	25	3.4	2.4
Decrease in inventories		–	0.2
Decrease/(increase) in trade and other receivables		2.3	(2.2)
Increase in trade and other payables		6.1	7.6
Increase/(decrease) in provisions		0.3	(0.6)
Cash generated from operations		96.0	80.5
Tax (paid)/received		–	–
Net cash inflow from operating activities before non-underlying items		96.0	80.5
Non-underlying operating items	8	(0.9)	(1.0)
Net cash inflow from operating activities	23	95.1	79.5
Cash flows from investing activities			
Purchase of property, plant and equipment		(33.0)	(19.2)
Purchase of intangible assets		(7.0)	(4.5)
Bank interest received		0.5	0.3
Net cash outflow used in investing activities		(39.5)	(23.4)
Cash flows from financing activities			
Repayment of lease liability principal	20	(30.2)	(28.0)
Lease interest paid	20	(15.5)	(15.5)
Bank interest paid	20	(5.8)	(4.5)
Payment of financing fees		(0.8)	(1.0)
Drawdown of bank loans	20	5.0	2.0
Repayments of bank loans	20	(3.0)	(13.0)
Purchase of own shares by EBT	24	(3.5)	–
Settlement of share based payments through EBT	25	(0.4)	–
Proceeds from issue of Ordinary shares		0.1	–
Net cash outflow from financing activities		(54.1)	(60.0)
Net increase/(decrease) in cash and cash equivalents		1.5	(3.9)
Cash and cash equivalents at the start of the year		1.5	5.4
Cash and cash equivalents at the end of the year	17	3.0	1.5

The Notes on pages 128 to 157 form an integral part of the financial statements.

Financial statements

Notes to the consolidated financial statements

for the year ended 31 December 2024

1. General information

The Gym Group plc (the 'Company') and its subsidiaries (the 'Group') operate low cost, high quality, 24/7, no contract gyms.

The Company is a public limited company whose shares are publicly traded on the London Stock Exchange and is incorporated and domiciled in the United Kingdom.

The registered address of the Company is 5th Floor, OneCroydon, 12-16 Addiscombe Road, Croydon, CR0 0XT, United Kingdom.

2. Summary of material accounting policies

A summary of the material accounting policies is set out below. These have been applied consistently in the financial statements.

Statement of compliance

The financial statements have been prepared in accordance with the Listing Rules and the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority (where applicable) and United Kingdom adopted international accounting standards. The accounting policies applied are consistent with those described in the Annual Report and Accounts of the Group for the year ended 31 December 2023. The functional currency of each entity in the Group is pound sterling. The consolidated financial statements are presented in pound sterling and all values are rounded to the nearest one hundred thousand pounds, except where otherwise indicated.

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 derivative financial instruments, financial assets and other financial liabilities at fair value through the profit and loss and the recognition of financial assets at fair value through other comprehensive income.

The consolidated financial statements provide comparative information in respect of the previous period.

Going concern

In assessing the going concern position of the Group for the year ended 31 December 2024, the Directors have considered the following:

- the Group's trading performance in 2024 and throughout the traditional January and February 2025 peak period;
- future expected trading performance of the Group to 30 June 2026 (the going concern period), including membership levels and behaviours in light of the continued difficult macroeconomic environment; and
- the Group's financing arrangements and relationship with its lenders and shareholders.

Trading in 2024 was strong, with membership at the end of December 2024 reaching 891,000, an increase of 5% from the end of December 2023. Average revenue per member per month ('ARPM') for the year was £20.81, up 7% from £19.50 in the prior year. Ultimate, the premium price product, ended the year at 29.6% of total membership compared with 31.7% in December 2023. As a result, revenue increased by 11% to £226.3m (2023: £204.0m), and Group Adjusted EBITDA Less Normalised Rent at £47.7m was 24% better than in 2023.

The Group also reported strong cash generation in the year, with free cash flow of £37.5m (see Note 23 to the consolidated financial statements for a reconciliation to Net cash inflow from operating activities) being generated and used to fund 12 new site openings and a number of major refurbishments and enhancements, as well as significant investment in technology.

On 28 June 2024, the Group agreed a new facilities agreement with its existing banking syndicate, which came into effect on 1 July 2024. Under the new agreement, the Group has in place a combined £90m facility, consisting of £45m of Term Loan and £45m of RCF. The new facility is due to mature in June 2027. Drawings under the facilities continue to be subject to quarterly financial covenant tests on Adjusted Leverage (Non-property Net Debt divided by Group Adjusted EBITDA Less Normalised Rent must not exceed 3.0 times) and Fixed Charge Cover (Adjusted EBITDAR to Net Finance Charges plus Normalised Rent must be greater than 1.5 times).

As at 31 December 2024, the Group had Non-Property Net Debt (including non-property leases) of £61.3m, consisting of £61.0m drawn debt under the RCF, £3.3m of non-property leases and £3.0m of cash. The Directors believe that this measure of net debt best reflects the financial health of the business. In addition, it is a key constituent of the Adjusted Leverage covenant included in the Group's banking agreement as noted above. Headroom under the bank facilities at 31 December 2024 (drawn debt less cash) was £32.0m. Adjusted Leverage was 1.3 times and Fixed Charge Cover was 1.9 times.

Following the January and February 2025 peak trading period, closing membership at 28 February 2025 was 951,000, an increase of 7% on the position at 31 December 2024, demonstrating that the low cost gym model remains resilient and spend on gym membership continues to be prioritised.

Despite the continued strong trading performance, the Directors have continued to take a cautious approach to planning. The base case forecast for the period to 30 June 2026 anticipates some growth in yields across the whole estate as a result of pricing optimisation actions identified as part of the Next Chapter growth plan. Modest increases in membership levels are driven largely by the sites opened in 2023 and 2024, and not by growth in the mature estate.

In addition, the Directors have continued to take a measured approach to new site openings throughout the plan period, with all new sites assumed to be self-financed. Under this scenario, the financial covenants are passed with headroom, and the Group can operate comfortably within its financing facilities.

The Directors have also considered a severe downside scenario in which membership numbers in the mature estate decline by approximately 4%. Yields continue to grow, but at a much more modest rate than in the base case. In this scenario, the number of new site openings is reduced to conserve cash, expenditure on maintenance and marketing is reduced slightly, and discretionary performance-related bonuses and share based payment funding are removed. Under this scenario, the financial covenants continue to be passed, and the Group continues to operate within its financing facilities.

The Directors have also considered a reverse stress test scenario to ascertain the extent of the downturn in trading that would be required to breach the Group's banking covenants or liquidity requirements. Mitigating actions assumed in this scenario include moving to a minimum level of maintenance and technology capital expenditure; further reducing controllable operating costs and marketing expenditure; and pausing the new site opening programme in order to preserve cash. In this scenario, the closing membership would need to decline by 23% from April 2025 before the Fixed Charge Cover covenant would be breached in June 2026. The Group would, however, continue to operate within its current level of debt capacity and the Adjusted Leverage ratio would not be breached.

In the event of a reverse stress test scenario, the Directors would introduce additional measures to mitigate the impact on the Group's covenants and liquidity, including: (i) even greater reductions in controllable operating costs, marketing and capital expenditure; (ii) discussions with lenders to secure a covenant waiver; and (iii) deferral of, or reductions in, rent payments to landlords. The Directors consider the reverse stress test scenario to be highly unlikely.

Conclusion

The Board has reviewed the financial plan and downside scenarios of the Group and has a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 June 2026. As a result, the Directors continue to adopt the going concern basis in preparing the financial statements. In making this assessment, consideration has been given to the current and future expected trading performance; the Group's current and forecast liquidity position and the support received to date from our lenders and shareholders; and the mitigating actions that can be deployed in the event of reasonable downside scenarios.

Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic report and the stated net zero targets. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 30 June 2026 nor the viability of the Group over the next three years.

The following specific points were considered:

- We procure 100% renewable energy for all of our sites where we directly control the purchase of energy.
- The Group continues to reduce its carbon emissions and environmental impact by investing in the energy-efficient design of our new sites, as well as in our existing estate.
- Our carbon emissions through electrical power consumption will reduce with the decarbonisation of the National Grid and natural gas will eventually become our principal source of direct carbon emission. We now have 67 sites operating successfully without gas for water heating and are continuing to roll out electric heat pumps to obviate the requirement for gas.
- In all cases, the expected costs and investment required during the Group's strategic planning horizon have been considered within the future cash flows included within the Group's three year plan which forms the basis of our going concern and viability assessment, the goodwill and site impairment testing, and the assessment of the recoverability of deferred tax assets.

Financial statements

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

2. Summary of material accounting policies continued**Consolidation****Subsidiaries**

A subsidiary is an entity controlled, either directly or indirectly, by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

All subsidiaries are wholly owned.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Group gains control and until the date the Group ceases to control the subsidiary.

All subsidiaries apply consistent accounting policies and all intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The acquisition method of accounting is used to account for the acquisition of subsidiaries or business combinations where trade and assets are acquired by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Subsequent changes to the fair value during the measurement period are treated as fair value adjustments against the acquired net assets.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors. The Group's activities consist solely of the provision of low cost, high quality, 24/7, no contract gyms within the United Kingdom, traded through 245 sites at 31 December 2024. It is managed as one entity and management has consequently determined that there is only one operating segment.

Revenue

Revenue, which is stated excluding value added tax and other sales-related taxes, is measured at the fair value of the consideration receivable for goods and services supplied.

Revenue from memberships comprises monthly membership fees, non-refundable joining fees and longer term membership fees. Longer term membership fees comprise student memberships which typically cover a nine month period, pay-up-front memberships which typically cover a six or nine month period and corporate annual membership. All membership income (being the membership fee and the joining fee) is recognised straight-line over the period that the membership relates to, with any subscriptions in advance of the period in which the service is provided being recorded as a contract liability in the statement of financial position.

Rental income from personal trainers, which represents amounts paid by standalone personal trainers to operate their business from our gyms, is recognised on a straight-line basis over the term of the rental agreement.

Other income, which includes the sale of goods through vending machines, is recognised at the point in time when control of the goods transfers to the customer.

Contracts with customers are non-complex and do not require any significant accounting judgements or estimates.

Cost of sales and gross profit

Cost of sales comprises costs arising in connection with the generation of ancillary revenue as well as call centre costs and payment processing costs. Therefore gross profit is stated before costs associated with operating the gyms.

Non-underlying items

Non-underlying items are income or expenses that are material by their size and/or nature and are not considered to arise in the normal course of business. The Directors consider that these items should be disclosed separately on the face of the income statement (but within their relevant category) to allow a more comparable view of underlying trading performance.

Non-underlying items include costs of major strategic projects and investments, restructuring and reorganisation costs (including site closure costs), impairment of assets, amortisation and impairment of business combination intangibles, and refinancing costs.

Profit before non-underlying items is used to calculate adjusted earnings per share and is reconciled to profit before taxation on the face of the income statement. Non-underlying items are disclosed in Note 8.

Intangible assets**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or the Group's share of trade and assets acquired in a business combination at the date of acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Further information in relation to impairment testing is provided in the 'Impairment of non-financial assets' section of this Note.

Computer software and licenses

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Certain costs incurred in connection with the development of software to be used internally, or for providing services to customers, are capitalised once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated that the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Costs that qualify for capitalisation include both internal and external costs but are limited to those that are directly related to the specific project. Computer software costs are included at capitalised cost less accumulated amortisation and any recognised impairment loss.

Amortisation is calculated to write down the cost of the assets on a straight-line basis over their estimated useful lives, over three to five years. Useful lives are reviewed at the end of each reporting period and adjusted as appropriate. The carrying value of computer software is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Property, plant and equipment

Property, plant and equipment are included in the financial statements at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated to write down the cost of the assets on a straight-line basis over the estimated useful lives as follows:

- leasehold improvements over the shorter of the useful life and the term of the lease;
- fixtures, fittings and equipment between three and ten years;
- gym and other equipment between five and ten years; and
- computer equipment three years.

Financial statements

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

2. Summary of material accounting policies continued**Property, plant and equipment** continued

The estimated useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Assets under construction represents the costs incurred in the construction of gyms and are included in Property, plant and equipment. No depreciation is provided on assets under construction until the asset is available for use.

On the 1st of January 2025, the Group revised its estimate of the useful estimated life of certain Gym and other equipment, which is classified as Property, plant and equipment. The Group believes that the new useful estimated life provides more accurate information in relation to the consumption of the assets. The Group will apply the change in the estimate prospectively. The expected impact of this change in estimate is a decrease of £2m of depreciation expense in 2025, and therefore a £2m increase in profit before tax.

Leases and Right-of-use assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

Lease liabilities

Lease liabilities are presented as a separate line in the Consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. There are no variable lease payments nor residual value guarantees.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by The Gym Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term and security.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability whenever:

- there is a change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or termination option, in which case the lease liability is remeasured by discounting the minimum lease payments using a revised discount rate at the effective date of the change in assessment;
- the lease payments change due to changes in an index or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- the lease payments change due to a rent review, in which case the lease liability is remeasured by discounting the revised lease payments using the original discount rate at the effective date of the change in rent; and
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset, except in the case of modifications resulting in a reduction in the scope of the lease, or in instances where doing so would reduce the carrying amount of the right-of-use asset below zero. For a modification that fully or partially decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease and any difference between that adjustment and the amount of the remeasurement of the lease liability is recognised in profit or loss at the effective date of the modification. In other cases, if the right-of-use asset is reduced to zero by a remeasurement, any remaining amount of the remeasurement is recognised in profit or loss.

Although the Group enjoys security of tenure as tenant in respect of certain of its lease arrangements, there are conditions associated with these rights such that no unconditional right to extend the lease term exists.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. When it is reasonably certain that the Group will not exercise a termination option or will exercise an extension option, this assumption is included within the calculation of the lease liability.

Incremental borrowing rate

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ('IBR') to discount future minimum lease payments. Judgement has been applied to those leases entered into prior to November 2015 when the Group listed on the London Stock Exchange and entered into a Revolving Credit Facility ('RCF'), and which remain on the 31 December 2024 balance sheet as right-of-use assets and lease liabilities. Prior to this the Group was under private equity ownership, with its financing reflecting such ownership (including loan notes). As a consequence, there was less observable data on which to assess the IBR of the Group during this time, hence there was an increased level of judgement in assessing an appropriate IBR for use in applying IFRS to pre-2015 leases. Post-listing and refinancing of the Group's bank facilities in October 2019, there was an increased level of observable data, including a market-based margin, to indicate the credit spread on which the Group could borrow. This margin was then added to observable Bank of England base or risk-free rates, such that the level of judgement on post-2015 leases, and in particular post-2019 leases, is considered to be low.

Right-of-use assets

Right-of-use assets predominantly relate to property leases and are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets for non-property leases mainly relate to gym equipment purchased on hire purchase contracts and are depreciated over the asset's useful life.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The carrying values of right-of-use assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment of non-financial assets

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Under IAS 36, goodwill is allocated to cash generating units ('CGUs') or groups of CGUs on the basis of which CGU or group of CGUs is expected to benefit from the business combination in which the goodwill arose. As management has determined that the Group's goodwill cannot be allocated to CGUs on a non-arbitrary basis and that the Group has just one operating segment and goodwill is not monitored at any lower level, then consistent with the requirements of IAS 36, testing for goodwill impairment is performed at the operating segment level, being the entire business.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Financial statements

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

2. Summary of material accounting policies continued**Impairment of non-financial assets** continued

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. CGUs are identified based on the lowest level aggregation of asset from which largely independent cash inflows are generated. This can be a single gym or, in a number of instances, a group of gyms which are geographically closely located where the cash inflows from each individual gym are not generated largely independent of other gym sites within the surrounding geographical area. Any impairment charge is recognised in non-underlying items in the income statement in the period in which it occurs.

Impairment losses relating to goodwill cannot be reversed in future periods. At each reporting date, an assessment is made as to whether there is any indication that a previously recognised impairment loss for assets other than goodwill no longer exists or has decreased. If there is any such indication, the recoverable amount of the asset is recalculated and the impairment loss reversed. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in non-underlying items in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase and recognised as a separate reserve within equity.

Further information on impairment testing is provided in Notes 3, 12, 13 and 14.

Financial instruments**Fair value hierarchy**

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between levels throughout the periods under review.

Financial assets

The Group's financial assets comprise trade and other receivables, cash and cash equivalents, and investments. The Group classifies its financial assets as those to be measured at amortised cost, those recognised at fair value through profit and loss and those recognised at fair value through other comprehensive income.

The Group measures its trade and other receivables and cash and cash equivalents at amortised cost. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in finance income in the income statement. Due to the Group's upfront payment model, it has limited exposure to credit losses.

Investments in unquoted equity securities are designated as fair value through other comprehensive income if they are held as long term strategic investments that are not expected to be sold in the short to medium term. Any changes in fair value of those assets are recognised in other comprehensive income and are not recycled to profit or loss.

Financial assets are classified as non-current if the asset is not expected to be realised within 12 months.

Financial liabilities

The Group's financial liabilities comprise trade and other payables, other financial liabilities (including contingent consideration) and borrowings.

The Group initially recognises its financial liabilities at fair value net of transaction costs where applicable and, other than derivatives and contingent consideration, they are subsequently measured at amortised cost using the effective interest method. Transaction costs are amortised using the effective interest method over the maturity of the loan. Contingent consideration is subsequently measured at its fair value, which is reassessed at each reporting period, and any fair value movement is recognised in non-underlying items in the income statement.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on temporary investments of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in finance costs in the income statement in the period in which they are incurred.

Hedging activities

The Group enters into structured wholesale energy market contracts for the procurement of electricity and natural gas. It does this by buying energy directly from the wholesale market to cover operational energy requirements. All contracts are entered into and continue to be held to receive or deliver the energy in accordance with the Group's expected usage requirements and all contracted quantities are actually physically supplied with no financial settlement prior to, or at, maturity. As such, the Group applies the own use exemption in IFRS 9 with regards energy market contracts and recognises the contracted cost of energy in the consolidated income statement when the energy is consumed.

Pensions

The Group operates defined contribution pension schemes and pays contributions to publicly or privately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Share based payments

The Group operates a number of share based arrangements for employees. Equity-settled share based payments are measured at the fair value of the equity instruments at the grant date, which excludes the effect of non-market based vesting conditions. The fair value at the grant date is recognised as an expense on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date, at which point the estimate is adjusted to reflect the actual outcome of awards which have vested. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Inventories

Inventories are carried at the lower of cost and net realisable value.

Trade and other receivables

Trade and other receivables comprise rental income due from personal trainers, room rental income, advertising income and amounts due from landlords in respect of contributions towards building work. They are initially measured at transaction price. Subsequently, trade and other receivables are measured at amortised cost. The loss allowance for trade receivables and accrued income is measured using the simplified approach (lifetime expected credit losses).

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short term deposits held on call with banks and other short term, highly liquid investments with original maturities of three months or less.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation**Current taxation**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised in comprehensive income or directly in equity, is recognised in comprehensive income or equity and not in the income statement.

Financial statements

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

2. Summary of material accounting policies continued**Taxation** continued**Deferred taxation**

Deferred income tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

A dilapidations provision is recognised when there is a present obligation relating to the maintenance of leasehold properties. The provision is based on management's best estimate of the cost of meeting this obligation.

Dividends

Dividends payable by the Company are recognised on declaration.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The Directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable.

Accounting estimates made by the Group's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions. The significant judgements that management has made in applying its accounting policies and the estimates and assumptions for which there is a significant risk of a material adjustment to the financial statements within the next financial year are set out below.

Critical judgements**Determination of CGUs for goodwill impairment testing**

The Group's activities consist solely of the provision of low cost, high quality, 24/7, no contract gyms within the United Kingdom, traded through 245 sites as at 31 December 2024. All gyms operate under 'The Gym Group' brand including gyms acquired through business combinations. Under IAS 36, goodwill is allocated to the cash generating units ('CGUs') on the basis of which CGU or group of CGUs is expected to benefit from the business combination in which the goodwill arose. However, management has determined that the Group's goodwill cannot be allocated to CGUs on a non-arbitrary basis. Further, the Group has determined that it has a single operating segment and goodwill is not monitored at any lower level. Therefore, consistent with the requirements of IAS 36, testing for goodwill impairment is performed at the operating segment level, being the entire business.

Determination of CGUs for property, plant and equipment and right-of-use assets impairment testing

Annually, management considers indicators of impairment to determine if an impairment assessment is required for property, plant and equipment, right-of-use assets and intangible assets other than goodwill. Where indicated, management identifies the CGU into which an asset belongs. Individual assets generally do not generate independent cash inflows, and therefore they must be tested at the level of the CGU. In many cases, individual gyms are considered to generate largely independent cash flows and therefore are considered to be a single CGU for impairment purposes. However, there are some instances where a number of sites may be interdependent in generating cash flows. This is the case where some gyms in a geographic location have a higher proportion of Ultimate members who frequently visit other gyms in the same geographic location. In these instances, there is significant trading interdependency and the cash inflows from each individual gym are not generated largely independent of each other. In these instances, these gyms are grouped together and considered to be one CGU for impairment assessment purposes. There is judgement required to determine which sites are largely independent and which gyms are interdependent on each other. If no grouping of sites was assumed, the additional impairment recognised in the financial year ended 31 December 2024 would have been £4.6m in relation to six sites.

Further information on the impairment testing undertaken in the year is included in Note 13.

Sources of estimation uncertainty**Impairment testing**

The recoverable amount of the Group's CGUs is based on value-in-use calculations. This method requires the estimation of future cash flows and the determination of a pre-tax discount rate in order to calculate the present value of the cash flows. Discount rates reflect the estimated return on capital employed required by an investor. This is also the benchmark used by management to assess operating performance and to evaluate future capital investment proposals. The pre-tax discount rate is derived from the Group's post-tax weighted average cost of capital. Changes in the discount rate are calculated with reference to latest market assumptions for the risk-free rate, equity market risk premium and the cost of debt.

Where an impairment loss is identified, it is allocated to the assets of the CGU on a pro-rata basis to their carrying amount, subject to the limitation that the carrying amount of an asset cannot be reduced below the highest of fair value less costs of disposal, value-in-use or zero. Due to the ability to sublease the right-of-use assets, these have a measurable fair value less costs of disposal and, as a result, this restriction results in the right-of-use asset being written down only to its recoverable amount based on fair value less costs of disposal. Any remaining amount of the impairment loss that would otherwise have been allocated to the right-of-use asset is allocated instead pro-rata to the other assets of the unit. More information, including key assumptions and carrying values, is included in Notes 12, 13 and 14.

Whilst the Directors have currently assessed that reasonably possible changes in key assumptions are unlikely to cause an impairment in the carrying value of goodwill, estimates of future cash flows and the determination of discount rates applied to those cash flows could change in the longer term such that an impairment arises. Further, the Directors have currently assessed that the carrying value of property, plant and equipment is sensitive to reasonably possible changes in key assumptions – see Note 13 for further details. In addition, estimates of future cash flows and the determination of discount rates applied to those cash flows could change in the longer term such that an impairment arises in relation to other CGUs.

4. New and amended IFRS standards**New and amended IFRS standards that are effective for the current year**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The amendments had no impact on the Group's consolidated financial statements.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2024

4. New and amended IFRS standards continued**New and amended IFRS standards that are effective for the current year** continued**Classification of Liabilities as Current or Non-current Liabilities with Covenants – Amendments to IAS 1**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The amendments also require the disclosure of information about the covenants and the related liabilities, as well as any facts and circumstances that indicate difficulty complying with the covenants. Refer to Note 19 for further disclosure about the Group's covenants. The amendments had no impact on the Group's consolidated financial statements.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments had no impact on the Group's consolidated financial statements.

There were no other standards and amendments that became effective in the period, that apply to the consolidated financial statements of the Group.

New and revised IFRS standards that are in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are effective for reporting periods beginning on or after 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

The Directors do not expect that the adoption of the Amendments to IAS 21 and IFRS 19 will have a material impact on the financial statements of the Group in future periods.

IFRS 18 – Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures ('MPMs') in the notes to the financial statements; and
- improve aggregation and disaggregation.

The Group is required to apply IFRS 18 for its financial year beginning on 1 January 2027 and the amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, will become effective at the same time. IFRS 18 requires retrospective application with specific transition provisions.

The Directors are still assessing the impact of the application of these amendments on the presentation of the Group's consolidated financial statements. Some of the possible impacts have been disclosed below.

IFRS 18 introduces three new defined categories in the statement of profit and loss (operating, investing and financing). It is expected that Finance income will move into the 'Investing' category. A new subtotal of 'Profit before financing and tax' will be introduced, which will include the Finance income amount.

IFRS 18 also requires the disclosure of all MPMs within a single note to the financial statements. Some of the current alternative performance measures may constitute MPMs under IFRS 18 and would therefore fall into the scope of these requirements.

5. Revenue

The principal revenue streams for the Group are membership income, rental income from personal trainers and ancillary income.

Membership income comprises monthly membership fees, non-refundable joining fees and longer term membership fees in relation to student, saver and corporate memberships. Rental income from personal trainers represents amounts paid by standalone personal trainers to operate their business from our gyms. Ancillary income includes income from the sale of goods through vending machine, advertising income through the use of media screens and the sale of day memberships.

The majority of revenue is derived from contracts with members and all revenue arises in the United Kingdom.

Disaggregation of revenue

In the following table, revenue is disaggregated by major products and service lines and timing of revenue recognition.

	31 December 2024 £m	31 December 2023 £m
Major products/service lines		
Membership income	214.9	193.1
Rental income from personal trainers	8.2	7.7
Ancillary income	3.2	3.2
	226.3	204.0
Timing of revenue recognition		
Products transferred at a point in time	3.7	3.5
Products and services transferred over time	222.6	200.5
	226.3	204.0
Liabilities relating to contracts with customers		
Contract liabilities (Note 18)	(15.8)	(14.4)
Revenue recognised that was included in contract liabilities in the prior year		
Membership income	14.4	11.0

Contract liabilities relate to membership fees received at the start of a contract, where the Group has the obligation to provide a gym membership over a period of time, and are included within trade and other payables (see Note 18). The contract liability balance increases as the Group's membership numbers increase. The Group does not receive any consideration greater than 12 months in advance from members. Hence the total contract liability as at 31 December 2023 of £14.4m has been recognised as revenue during the year ended 31 December 2024.

6. Operating expenses (before depreciation, amortisation and impairment)

Operating expenses comprise the following:

	31 December 2024 £m	31 December 2023 £m
Underlying employee costs (Note 7)	49.8	43.7
Site costs (excluding employee costs) ¹	80.6	78.1
Central support office costs (excluding employee costs) ²	8.7	6.2
Auditor's remuneration costs:		
Fees payable for the audit of the Group's annual accounts	0.4	0.3
Audit of the Group's subsidiaries pursuant to legislation	0.1	0.1
Underlying operating expenses (before depreciation, amortisation and impairment)	139.6	128.4
Non-underlying operating expenses (before depreciation, amortisation and impairment) (Note 8)	0.4	1.5
Operating expenses (before depreciation, amortisation and impairment)	140.0	129.9

¹ Site costs include the fixed and variable costs of running the Group's gyms and include rates and services charges, cleaning costs, utilities, repairs and maintenance, site technology costs, marketing costs and insurance.

² Central support office costs largely comprise central technology and marketing costs and professional and administrative fees.

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7. Employee information

	31 December 2024 £m	31 December 2023 £m
Wages and salaries	42.8	37.9
Social security costs	3.4	3.1
Employers' pension costs	0.8	0.7
Share based payments (Note 25)	3.4	2.4
Underlying employee costs	50.4	44.1
Non-underlying employee costs	0.1	0.5
Employee costs	50.5	44.6

Included within employee costs in 2024 is £0.6m (2023: £0.4m) which has been included within cost of sales in the consolidated income statement.

The average number of employees, including Directors, during the year was:

	31 December 2024 Number	31 December 2023 Number
Operational	1,621	1,644
Administrative	216	193
	1,837	1,837

8. Non-underlying items

	31 December 2024 £m	31 December 2023 £m
Affecting operating expenses (before depreciation, amortisation and impairment)		
Costs of major strategic projects and investments	0.2	0.9
Restructuring and reorganisation costs (including site closures)	0.2	0.6
Total affecting operating expenses (before depreciation, amortisation and impairment)	0.4	1.5
Affecting depreciation, amortisation and impairment		
Impairment of property, plant and equipment, right-of-use assets and intangible assets	0.4	0.6
Amortisation of business combination intangible assets	0.1	0.2
Total affecting depreciation, amortisation and impairment	0.5	0.8
Total affecting operating expenses	0.9	2.3
Affecting finance costs		
Refinancing costs and remeasurement of borrowings	0.2	0.5
Total affecting finance costs	0.2	0.5
Total all non-underlying items before tax	1.1	2.8
Tax on non-underlying items	(0.1)	(0.5)
Total non-underlying charge in income statement	1.0	2.3

Non-underlying items affecting operating expenses (before depreciation, amortisation and impairment) of £0.4m (2023: £1.5m) relate to costs incurred in the year on strategic technology projects, as well as a provision for the closure costs of one gym in 2025.

Non-underlying costs affecting depreciation, amortisation and impairment in the year amounted to £0.5m (2023: £0.8m), of which £0.4m (2023: £0.6m) relates to the impairment of one site (2023: two sites). The remaining £0.1m (2023: £0.2m) of non-underlying costs affecting depreciation, amortisation and impairment relates to the amortisation of business combination intangibles acquired as part of the Lifestyle, easyGym and Fitness First acquisitions.

Non-underlying items affecting finance costs amounted to £0.2m (2023: £0.5m) and relate to advisory and legal costs incurred in agreeing the Group's new banking facilities in June 2024. Further information about the Group's bank facilities can be found in Note 19.

Tax on non-underlying items represents the tax charge or credit arising on the Group's non-underlying items calculated at the current tax rate.

Reconciliation of non-underlying operating items to cash flow

	31 December 2024 £m	31 December 2023 £m
Non-underlying items affecting operating expenses	0.9	2.3
Less: Non-underlying items affecting depreciation, amortisation and impairment	(0.5)	(0.8)
Add: opening accruals	0.5	-
Less: closing accruals	-	(0.5)
Cash outflow from non-underlying operating items	0.9	1.0

9. Finance costs

	31 December 2024 £m	31 December 2023 £m
Bank loans and overdraft interest including amortisation of financing fees	5.6	6.0
Lease interest	15.5	15.5
	21.1	21.5
Less: Capitalised interest	(0.4)	(0.1)
Underlying finance costs	20.7	21.4
Non-underlying finance costs	0.2	0.5
Finance costs	20.9	21.9

Capitalised interest is recognised within leasehold improvements. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during 2024 of 8.2% (2023: 8.2%).

10. Taxation**Tax on profit/(loss)**

	31 December 2024 £m	31 December 2023 £m
Current income tax		
Current tax on profits/losses in the year	-	(0.1)
Total current income tax	-	(0.1)
Deferred tax		
Origination and reversal of temporary differences	1.9	-
Total deferred tax	1.9	-
Tax credit/(charge)	1.9	(0.1)

The standard rate of corporation tax applied to reported profits/losses is 25% (2023: 23.5%).

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10. Taxation continued**Reconciliation of tax credit/(charge)**

	31 December 2024 £m	31 December 2023 £m
Profit/(loss) before tax	2.5	(8.3)
Tax calculation at standard rate of corporation tax of 25% (2023: 23.5%)	(0.6)	2.0
Expenses not deductible for tax purposes	(0.4)	(0.7)
Unrecognised tax losses	2.9	(1.4)
Tax credit/(charge)	1.9	(0.1)

Deferred tax

	Accelerated capital allowances £m	Losses £m	Intangible assets £m	Share schemes £m	Other £m	Total £m
At 1 January 2023	1.8	11.1	(0.4)	0.7	3.1	16.3
Adjustments in respect of prior years	(1.5)	2.4	(0.2)	–	(0.2)	0.5
Recognised in income statement	1.8	(2.4)	0.3	0.2	(0.4)	(0.5)
At 31 December 2023	2.1	11.1	(0.3)	0.9	2.5	16.3
Adjustments in respect of prior years	–	–	–	–	–	–
Recognised in income statement	1.0	1.0	0.3	–	(0.4)	1.9
At 31 December 2024	3.1	12.1	–	0.9	2.1	18.2

Deferred tax assets ('DTAs') are recognised in respect of those tax losses and other temporary differences only to the extent it is considered probable that the assets will be recoverable. This involves an assessment of when those assets are likely to be recovered, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets.

In assessing the probability of recovery, the Directors reviewed the Group's three year plan that underpinned the going concern and viability assessment, and the goodwill and property, plant and equipment impairment testing. The plan was then extended to include a fourth year, as the Directors believe that four years is an appropriate timeframe over which to forecast recoverability of the DTAs, given the return to profitability of the Group in 2024, the strong trading performance to date in 2025, and the prediction of taxable profits in 2025 and beyond. However, the cash flows, particularly in the outer years, were then risk-adjusted to reflect the uncertainty inherent to the future.

The Directors believe this risk-adjusted plan provides convincing evidence to recognise deferred tax assets of £18.2m (2023: £16.3m) in the Group's balance sheet at 31 December 2024, which is forecast to be recovered within four years.

A deferred tax asset of £12.1m (2023: £11.1m) has been recognised in respect of trading losses. The trading losses were incurred as a result of the Covid-19 pandemic and the subsequent cost-of-living crisis, together with the introduction in March 2021 of the temporary enhanced capital allowances regime (the 'super-deduction tax break'). Losses for which no deferred tax asset has been recognised amount to £16.1m (2023: £23.0m), resulting in an unrecognised deferred tax asset of £4.0m (2023: £5.8m) using a 25% tax rate. There is no time limit for utilising trade losses in the UK.

A deferred tax asset of £3.1m (2023: £2.1m) has arisen on accelerated capital allowances, whereby the tax written-down value is higher than the net book value. No deferred tax asset has arisen on intangible assets (2023: liability of £0.3m). Other deferred tax assets of £3.0m (2023: £3.4m) includes timing differences on the accounting for the various share schemes.

The deferred tax assets and liabilities have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

There are no material uncertain tax provisions at 31 December 2024 (2023: £nil). However, judgement has necessarily been applied in estimating the impact and timing of utilisation of capital allowances and tax losses which could give rise to prior period adjustments in future years.

11. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of Ordinary shares outstanding during the year, excluding unvested shares held pursuant to The Gym Group plc's share based long term incentive schemes (see Note 25).

Diluted earnings/(loss) 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 year ended 31 December 2024, the Group had potentially dilutive shares in the form of share options and unvested shares issued pursuant to The Gym Group plc's share based long term incentive schemes (see Note 25).

	31 December 2024	31 December 2023
Profit/(loss) (£m)		
Profit/(loss) for the year attributable to equity shareholders	4.4	(8.4)
Adjustment for non-underlying items	1.0	2.3
Adjusted profit/(loss) for the year attributable to equity shareholders	5.4	(6.1)
Weighted average number of Ordinary shares for basic earnings/(loss) per share ¹	177,153,298	178,512,563
Effect of dilution from share options	7,503,376	–
Weighted average number of Ordinary shares adjusted for the effect of dilution	184,656,674	178,512,563
Earnings/(loss) per share (p)		
Basic earnings/(loss) per share	2.5	(4.7)
Diluted earnings/(loss) per share	2.4	(4.7)
Adjusted basic earnings/(loss) per share	3.0	(3.4)
Adjusted diluted earnings/(loss) per share	2.9	(3.4)

¹ The weighted average number of Ordinary shares excludes the shares that are held by the EBT (see Note 24) as these are classified as Own shares reserve – EBT.

In the prior year, 7,164,017 share awards were excluded from the diluted weighted average number of Ordinary shares calculation because their effect would be anti-dilutive.

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12. Intangible assets

	Goodwill £m	Customer list £m	Contract £m	Computer software and licences £m	Total £m
Cost					
At 1 January 2023	81.8	3.0	1.1	20.3	106.2
Additions	–	–	–	4.4	4.4
Disposals	–	–	(0.2)	–	(0.2)
At 31 December 2023	81.8	3.0	0.9	24.7	110.4
Additions	–	–	–	6.7	6.7
Transfers	–	–	–	0.3	0.3
At 31 December 2024	81.8	3.0	0.9	31.7	117.4
Accumulated amortisation					
At 1 January 2023	–	(2.7)	(0.5)	(10.3)	(13.5)
Charge for the year	–	(0.1)	(0.1)	(5.5)	(5.7)
Disposals	–	–	0.2	–	0.2
At 31 December 2023	–	(2.8)	(0.4)	(15.8)	(19.0)
Charge for the year	–	(0.1)	–	(6.1)	(6.2)
At 31 December 2024	–	(2.9)	(0.4)	(21.9)	(25.2)
Net book value					
At 31 December 2023	81.8	0.2	0.5	8.9	91.4
At 31 December 2024	81.8	0.1	0.5	9.8	92.2

Impairment test for goodwill

Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstance indicate that the carrying value may be impaired.

The recoverable amount of goodwill has been determined based on a value-in-use calculation using cash flow projections based on the Group's three year plan. Cash flows beyond this period are extrapolated using an estimated growth rate of 3.0% (2023: 3.0%). All cash flows are discounted using a pre-tax discount rate of 11.0% (2023: 10.4%).

Membership growth, growth rates in subscription prices and increases applied to costs are the key assumptions included within the Group's three year plan. These have been modelled based upon a mixture of historical experience and expected future performance. The impact of any future openings has not been included in the assessment as they do not form part of the existing assets. The performance of any gyms expected to close have been included within the calculation up to the point of closure. In the years under review, management's value-in-use calculations have indicated no requirement to impair and no reasonably possible change in key assumptions gives rise to an impairment. Further information on impairment is provided in Note 3.

13. Property, plant and equipment

	Assets under construction £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Gym and other equipment £m	Computer equipment £m	Total £m
Cost						
At 1 January 2023	2.3	240.8	11.6	90.0	5.6	350.3
Additions	1.4	8.9	0.3	4.2	0.7	15.5
Disposals	(0.3)	–	–	–	–	(0.3)
Transfers	(1.6)	1.5	–	0.1	–	–
At 31 December 2023	1.8	251.2	11.9	94.3	6.3	365.5
Additions	0.9	23.4	0.3	9.0	1.5	35.1
Disposals	(0.2)	(1.8)	(0.1)	(11.7)	–	(13.8)
Transfers	(1.6)	0.7	–	0.6	–	(0.3)
At 31 December 2024	0.9	273.5	12.1	92.2	7.8	386.5
Accumulated depreciation						
At 1 January 2023	–	(95.2)	(9.6)	(60.5)	(4.0)	(169.3)
Charge for the year	–	(15.8)	(0.5)	(6.9)	(0.8)	(24.0)
Impairment	–	(0.4)	–	(0.1)	–	(0.5)
At 31 December 2023	–	(111.4)	(10.1)	(67.5)	(4.8)	(193.8)
Charge for the year	–	(16.5)	(0.4)	(6.7)	(1.0)	(24.6)
Disposals	–	1.6	0.1	11.7	–	13.4
Transfers	–	–	–	0.1	–	0.1
Impairment	–	(0.4)	–	–	–	(0.4)
At 31 December 2024	–	(126.7)	(10.4)	(62.4)	(5.8)	(205.3)
Net book value						
At 31 December 2023	1.8	139.8	1.8	26.8	1.5	171.7
At 31 December 2024	0.9	146.8	1.7	29.8	2.0	181.2

Included within additions for the year is £0.4m of capitalised interest (2023: £0.1m), and £5.5m of accrued capital expenditure (2023: £4.2m).

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13. Property, plant and equipment continued**Impairment test for property, plant and equipment, right-of-use assets and other intangible assets**

The Group reviews the carrying value of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) for indicators of impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of the Group's CGUs is typically based on value-in-use calculations. The value-in-use at 31 December 2024 was calculated using the discounted present value of each CGU's expected future cash flows using the Group's three year plan as the basis. Membership growth, growth rates in subscription prices and increases applied to costs are the key assumptions included when determining the expected future cash flows of each CGU. These have been modelled based upon a mixture of historical experience and expected future performance. A pre-tax discount rate of 11.0% (2023: 10.4%) was used to calculate the present value.

During the year, a total impairment loss of £0.4m (2023: £0.6m) was recognised relating to one (2023: two) site, of which £0.4m (2023: £0.5m) was allocated against property, plant and equipment and £nil (2023: £0.1m) was allocated against right-of-use assets. The total recoverable amount of the affected CGU was £1.8m (2023: £1.3m).

The impairment loss was allocated to the assets of the CGU on a pro-rata basis to their carrying amount, subject to the limitation that the carrying amount of an asset cannot be reduced below the highest of fair value less costs of disposal, value-in-use or zero. Due to the ability to sublease the right-of-use assets, these have a measurable fair value less costs of disposal and, as a result, this restriction results in the right-of-use asset being written down only to its recoverable amount based on fair value less costs of disposal. The remaining amount of the impairment loss that would otherwise have been allocated to the right-of-use asset was allocated pro-rata to the other assets of the unit. In restricting the impairment charge recognised in respect of the right-of-use assets, their fair value less costs of disposal was calculated on the basis of the cash flows that could be realised by the Group through the sublet of the site, discounted using a pre-tax discount rate of 11.0% (2023: 10.4%).

Under the downside scenario prepared for the going concern assessment, at the site impaired during the year, no further impairment (2023: £nil) would arise in relation to property, plant and equipment, and no further impairment (2023: £nil) would arise in relation to right-of-use assets.

In addition, a further impairment charge of £1.2m (2023: £0.6m) at a further two sites (2023: two) would be recognised in relation to property, plant and equipment and an impairment charge of £0.2m at a further two sites (2023: £nil) would be recognised in relation to right-of-use assets.

Further information on impairment is provided in Note 3.

14. Right-of-use assets and leases

The Group leases gym sites and its head office ('Property leases') and also enters into hire purchase and lease agreements for gym equipment ('Non-property leases'). Property leases are typically made for fixed periods of 10 to 20 years but may have extension options as well. Non-property leases are typically made for fixed periods of three years. Both property and non-property leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group.

(i) Amounts recognised in the consolidated statement of financial position

	Property leases £m	Non-property leases £m	Total £m
Cost			
At 1 January 2023	420.5	15.3	435.8
Additions	13.8	3.0	16.8
At 31 December 2023	434.3	18.3	452.6
Additions	32.0	0.2	32.2
Disposals	(2.5)	(0.1)	(2.6)
At 31 December 2024	463.8	18.4	482.2
Accumulated depreciation			
At 1 January 2023	(144.6)	(1.8)	(146.4)
Charge for the year	(25.7)	(2.3)	(28.0)
Impairment	(0.1)	-	(0.1)
At 31 December 2023	(170.4)	(4.1)	(174.5)
Charge for the year	(27.0)	(2.4)	(29.4)
Disposals	2.3	-	2.3
Transfers	-	(0.1)	(0.1)
At 31 December 2024	(195.1)	(6.6)	(201.7)
Net book value			
At 31 December 2023	263.9	14.2	278.1
At 31 December 2024	268.7	11.8	280.5

During the year, a total impairment loss of £0.4m (2023: £0.6m) was recognised relating to one (2023: two) site, of which £0.4m (2023: £0.5m) was allocated against property, plant and equipment and £nil (2023: £0.1m) was allocated against right-of-use assets. The total recoverable amount of the affected CGU was £1.8m (2023: £1.3m). See Note 13 for further disclosure.

The split of lease liabilities between current and non-current is as follows:

	31 December 2024 £m	31 December 2023 £m
Current	27.6	28.6
Non-current	312.9	310.6
Total Lease liabilities	340.5	339.2

The total cash outflow for leases in the year was £45.7m (2023: £43.5m). The maturity analysis of lease liabilities is disclosed in Note 22.

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14. Right-of-use assets and leases continued**(ii) Amounts recognised in the consolidated income statement**

The statement of profit or loss shows the following amounts relating to leases:

	31 December 2024 £m	31 December 2023 £m
Depreciation charge of right-of-use assets	29.4	28.0
Impairment of right-of-use assets	–	0.1
Interest expense (included in finance cost)	15.5	15.5

There are no variable lease payments and no sublease income recognised in the consolidated income statement.

(iii) Extension and termination options

The Group has recognised lease extension options contained within the lease in the calculation of right-of-use assets and lease liabilities at inception of the lease if management is reasonably certain to exercise the option to extend the lease beyond its contractual term. In all other cases, a lease extension is only recognised when a lease is extended beyond the original contractual term.

During the year, the Group has renegotiated one lease (2023: two) which resulted in additional lease liabilities of £2.3m being recognised (2023: £1.8m), with a corresponding increase included within additions to the right-of-use assets in the table in Note 14 (i). The Group terminated no leases (2023: one) in the year.

(iv) Non-property leases

At 31 December 2024, the Group had amounts outstanding in respect of non-property lease arrangements of £3.3m (2023: £8.9m). These lease arrangements predominantly relate to the financing of the fit-out of gyms opened in 2022 and 2023.

15. Investments in financial assets

On 3 February 2020, the Group purchased convertible loan notes in Fiit Limited for cash consideration of £1.0m. Conversion was originally expected to take place within two years of issue giving the Group a small non-controlling stake at a maximum valuation of £1.25m. During 2022, a number of changes to the terms of the convertible loan notes were agreed, including the extension of the date of conversion to 15 July 2023 and changes to the circumstances in which the loan notes may be redeemed or converted. In July 2023, the date of conversion was further extended to 15 July 2025.

These notes are measured at fair value through profit or loss and the carrying value at the end of the year was £1.0m (2023: £1.0m).

This is a Level 3 valuation under the fair value hierarchy and was determined based on the performance of the business post-acquisition against the business plan produced at the time of the investment. The business continues to build strategic partnerships with a number of parties and is expected to continue to have adequate funding in place. As such, the carrying amount is believed to appropriately reflect the fair value. The range of sensitivity in the valuation at 31 December 2024 to reasonably possible changes in the assumptions used is not considered to be material.

16. Trade and other receivables (due in less than one year)

	31 December 2024 £m	31 December 2023 £m
Trade receivables	1.0	1.7
Loss allowance	(0.3)	–
	0.7	1.7
Other receivables	0.3	0.2
Prepayments and accrued income	7.8	8.9
Trade and other receivables	8.8	10.8

17. Cash and cash equivalents

	31 December 2024 £m	31 December 2023 £m
Cash at bank	3.0	1.5
Cash and cash equivalents	3.0	1.5

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for periods of one day and earn interest at the respective short term deposit rates.

18. Trade and other payables (due in less than one year)

	31 December 2024 £m	31 December 2023 £m
Trade payables	9.4	6.7
Social security and other taxes	2.2	4.3
Accruals	21.9	18.0
Other payables	0.2	0.2
Contract liabilities (Note 5)	15.8	14.4
Trade and other payables	49.5	43.6

19. Borrowings

The carrying value of the Group's bank borrowings at 31 December 2024 was £61.3m (2023: £58.9m).

During the first half of 2024, the Group had in place a combined £80m Revolving Credit Facility ('RCF') which was syndicated to a three-lender panel of NatWest, HSBC and Barclays. The facility was due to mature in October 2025.

On 28 June 2024, the Group agreed a new facilities agreement with the same banking syndicate which came into effect on 1 July 2024. Under the new agreement, the Group has in place a combined £90m facility, consisting of £45m of Term Loan and £45m of RCF. The new facility is due to mature in June 2027.

On 1 July 2024, the Group replaced the £56.0m of drawn RCF debt with £45.0m of Term Loan and £11.0m of RCF under the new financing facility. The new facilities agreement was deemed to be a repayment of the old facility and an establishment of a new facility. The key factors in making this determination were: the new facility was established on market terms, it is a new legal agreement, it is a different facility size with different bank exposure, and there are substantially different provisions in the new agreement.

Funds borrowed under the facility bear interest at a minimum annual rate of 2.75% (2023: 2.85%) above the Sterling Overnight Index Average ('SONIA'); and undrawn funds bear interest at a minimum annual rate of 1.1% (2023: 1.14%). The average interest rate paid in the year on drawn funds was 8.2% (2023: 8.2%).

The facility is subject to quarterly financial covenant tests on Adjusted Leverage and Fixed Charge Cover (both terms defined on page 167). Adjusted Leverage must not exceed 3.0 times and the Fixed Charge Cover must be greater than 1.5 times.

At 31 December 2024, the Group had drawn down £16.0m under the RCF (2023: £56.0m) and £45.0m under the Term Loan (2023: £nil), leaving £29.0m (2023: £21.0m) undrawn and available. The £61.0m is repayable in June 2027. Adjusted Leverage was 1.3 times (2023: 1.7 times) and Fixed Charge Cover was 1.9 times (2023: 1.7 times).

The Group's borrowings are held at amortised cost using the effective interest method. Each reporting period, the Group reviews its cash flow forecasts and if these have changed since the previous reporting period (other than as a result of changes in floating interest rates), the borrowings are remeasured using the original effective interest rate. Any remeasurement of borrowings is treated as non-underlying and excluded from Adjusted earnings.

Financial statements

Notes to the consolidated financial statements continued

for the year ended 31 December 2024

20. Financing liabilities**Changes in liabilities arising from financing activities**

	Borrowings £m	Non-property lease liabilities £m	Property lease liabilities £m	Total lease liabilities £m
At 1 January 2023	70.0	11.4	339.0	350.4
Repayments of interest and principal	(17.5)	(6.5)	(37.0)	(43.5)
Interest expense	5.7	1.0	14.5	15.5
Drawdowns	2.0	–	–	–
New leases and modifications	–	3.0	13.8	16.8
Other	(1.3)	–	–	–
At 31 December 2023	58.9	8.9	330.3	339.2
Repayments of interest and principal	(8.8)	(6.1)	(39.6)	(45.7)
Interest expense	5.4	0.5	15.0	15.5
Drawdowns	5.0	–	–	–
New leases and modifications	–	–	31.5	31.5
Other	0.8	–	–	–
At 31 December 2024	61.3	3.3	337.2	340.5

Included in 'Other' is the effect of changes to amortised cost on borrowings using the effective interest rate method and accrued interest.

21. Provisions

	Dilapidations £m	Other £m	Total £m
At 1 January 2024	1.7	0.1	1.8
New provisions	1.0	–	1.0
Utilisation of provisions	–	(0.1)	(0.1)
At 31 December 2024	2.7	–	2.7
Due in less than one year	0.5	–	0.5
Due in more than one year	2.2	–	2.2
At 31 December 2024	2.7	–	2.7

A dilapidations provision is recognised when there is a present obligation relating to the maintenance of leasehold properties. The provision is based on management's best estimate of meeting this obligation, but the amount and timing of this are uncertain. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. Management has determined that the likelihood of a liability arising is not probable in relation to 203 of the Group's 245 gym sites as at 31 December 2024 (2023: 200 of 233) as the Group enjoys security of tenure as tenant and therefore is unlikely to give up a site where it is trading profitably. If circumstances indicate otherwise the Group will recognise an appropriate provision.

Subject to a new lease not being negotiated to extend the current lease term, dilapidations would become payable between 2025 and 2040 (2023: 2025 and 2040) with £1.0m (2023: £0.2m) expected to crystallise in the next five years, £0.9m (2023: £0.9m) crystallising in between five and ten years and the remainder crystallising in more than ten years.

22. Financial instruments**Fair values**

With the exception of the Group's borrowings, the carrying value of financial assets and liabilities equal their fair value. The carrying value of borrowings of £61.3m (2023: £58.9m) has a fair value of £61.0m (2023: £59.0m). After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit and loss when the liabilities are derecognised.

The fair value of borrowings has been calculated by discounting the future cash flows at prevailing market interest rates. The fair value of borrowings is categorised as Level 2, and all other financial assets at fair value through profit and loss are categorised as Level 3.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure and cost of capital. In order to maintain or adjust capital, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as Non-Property Net Debt divided by total capital. Non-Property Net Debt is calculated as bank borrowings and non-property leases less cash and cash equivalents. The Directors believe that this measure of net debt best reflects the financial health of the business. In addition, it is a key constituent of the Adjusted Leverage covenant included in the Group's banking agreement.

Total capital is calculated as equity as shown in the Consolidated statement of financial position (excluding own shares held, treasury shares and retained earnings).

The gearing ratio for the years under review are as follows:

	31 December 2024 £m	31 December 2023 £m
Bank borrowings	61.0	59.0
Non-property leases	3.3	8.9
Less: Cash and cash equivalents	(3.0)	(1.5)
Non-Property Net Debt	61.3	66.4
Equity	229.8	229.7
Total capital	291.1	296.1
Gearing ratio	21%	22%

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and procedures for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The principal market risk affecting the Group is interest rate risk. Financial instruments affected by market risk include borrowings, deposits and derivative financial instruments.

The sensitivity analysis in the following sections relates to the position as at 31 December 2024 and 2023. The analysis has been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt and derivatives are all constant.

Interest rate risk

The Group is exposed to interest rate risk because the Group's long term debt obligations are at floating interest rates based on GBP SONIA. The risk is sometimes managed by the Group through interest rate swap contracts and hedging activities are evaluated regularly to align with interest rate views and defined risk appetite to ensure the most cost-effective hedging strategies are applied. The Group has not entered into any derivatives in the current or prior period.

The Group is not expecting any reduction in interest rates over the next 12 months.

The increase in the profit/(loss) before tax of a reasonably possible increase in interest rates is as follows:

	31 December 2024 £m	31 December 2023 £m
Change in interest rates of 0.5% (2023: 0.5%)	0.3	0.3

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Notes to the consolidated financial statements continued

for the year ended 31 December 2024

22. Financial instruments continued**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows; matching the maturity profiles of financial assets and operational liabilities where possible and maintaining adequate cash reserves.

The table below summarises the maturity profile of the Group's financial liabilities:

	31 December 2024				
	Within 1 year £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m	Total £m
Trade and other payables	31.5	–	–	–	31.5
Borrowings	4.5	4.7	64.5	–	73.7
Lease liabilities	45.0	43.7	126.2	224.1	439.0
	81.0	48.4	190.7	224.1	544.2

	31 December 2023				
	Within 1 year £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m	Total £m
Trade and other payables	24.9	–	–	–	24.9
Borrowings	6.2	64.7	–	–	70.9
Lease liabilities	43.4	43.6	125.9	218.0	430.9
	74.5	108.3	125.9	218.0	526.7

The trade and other payables maturity profile in the above tables includes trade payables, accruals and other payables as shown in Note 18.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Due to the nature of the business requiring customers to pay in advance, there is little concentration of risk in trade receivables due to the limited value of trade receivables due from large number of customers which are spread across wide geographical areas. Trade receivable balances are written off when the balance is known not to be recoverable, and expected credit losses are immaterial.

23. Net cash inflow from operating activities

The Directors believe that Free cash flow is the measure that best reflects the amount of cash available to the Group for investing in new sites and technology, and for enhancing existing sites. As such, Free cash flow is included within the Key performance indicators section of the Annual Report and Accounts 2024 and referenced in both the Financial review and Going concern note. A reconciliation of Net cash inflow from operating activities to Free cash flow is included below.

Reconciliation of net cash inflow from operating activities to free cash flow

	31 December 2024 £m	31 December 2023 £m
Net cash inflow from operating activities	95.1	79.5
Less: Property lease payments made (Note 20)	(39.6)	(37.0)
Less: Maintenance capital expenditure (including funded by lease)	(12.2)	(10.3)
Less: Bank and non-property lease interest paid	(6.3)	(5.5)
Add: Bank interest received	0.5	0.3
Free cash flow	37.5	27.0

24. Issued share capital and reserves

	31 December 2024 £m	31 December 2023 £m
Allotted, called up and fully paid		
Ordinary shares of £0.0001 each	–	–
Own shares held		
Deferred Ordinary shares of £1 each	0.1	0.1

The number of Ordinary shares in issue is as follows:

	31 December 2024	31 December 2023
Ordinary shares of £0.0001 each	179,287,837	178,700,366
Deferred Ordinary shares of £1 each	48,050	48,050

In January 2024, the Group established an Employee Benefit Trust ('EBT') to purchase shares in order to minimise dilution associated with the share based payments. As the sponsoring entity of the EBT, the EBT has been accounted for as an extension of the Group in the Group's consolidated financial statements. During the year ended 31 December 2024, the EBT purchased 2,834,928 shares at a cost of £3.5m. As at 31 December 2024, the EBT held 2,479,863 shares at a value of £3.0m.

In addition to the above, 627,962 Ordinary shares of £0.0001 each are held by a separate employee trust (2023: 564,676). This trust is linked to the share incentive plan offered to employees of the Group. The Group has no control over this trust.

The shares held by the EBT and the separate employee trust are included within the Ordinary shares in issue disclosed in the table above.

The following describes the nature and purpose of each reserve in equity:

Own shares held

These reserves represent 48,050 Deferred Ordinary shares of £1 each repurchased by the Group on 12 November 2015. The Deferred Ordinary shares constitute a separate, non-voting class of shares which is held in treasury and not admitted to trading. The rights attached to the Deferred Shares are set out in the Parent Company's Articles.

Share premium

The amount subscribed for share capital in excess of nominal value.

Own shares reserve – EBT

The value of shares that are held by the EBT, which will be used to settle share based payments transactions.

Merger reserve

The amount subscribed for share capital in excess of nominal value attracting merger relief under the Companies Act 2006.

Retained earnings/deficit

The accumulated net gains and losses of the Group since inception.

Issued Share Capital and Capital Redemption Reserve are not included in the Consolidated statement of changes in equity because the balances in these reserves are less than £0.1m.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2024

25. Share based payments

The Group had the following equity-settled share based payment arrangements in operation during the year:

- The Gym Group plc Performance Share Plan ('PSP')
- The Gym Group plc Share Incentive Plan – Free shares ('SIP – Free Shares')
- The Gym Group plc Share Incentive Plan – Matching shares ('SIP')
- The Gym Group plc Restricted Stock Plan ('RSA')
- The Gym Group plc Long Service Award Plan ('LSA')
- The Gym Group plc Savings Related Share Option Scheme ('SAYE')

In accordance with IFRS 2 Share Based Payment, the value of the awards is measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest. The Group recognised a total charge of £2.9m (2023: £2.4m) in respect of the Group's share based payment arrangements. There was a charge of £0.5m related to employer's national insurance (2023: £nil).

A summary of the movements in each scheme is outlined below:

Scheme name	31 December 2024					
	Outstanding at 1 January 2024	Granted during the year	Lapsed/cancelled during the year	Exercised during the year	Outstanding at 31 December 2024	Exercisable at 31 December 2024
Performance Share Plan	4,052,963	2,804,981	(1,076,142)	(205,574) ¹	5,576,228	169,726
Share Incentive Plan – Free shares	14,367	–	(1,413)	(3,429) ²	9,525	9,525
Share Incentive Plan – Matching shares	274,534	84,668	(33,716)	(16,195) ³	309,291	101,136
Restricted stock	3,388,244	1,782,726	(331,108)	(796,242) ⁴	4,043,620	539,705
Long Service Awards	1,500	2,500	–	(1,500) ⁵	2,500	–
Save as You Earn	1,424,361	166,486	(314,668)	(150,990) ⁶	1,125,189	13,187
	9,155,969	4,841,361	(1,757,047)	(1,173,930)	11,066,353	833,279

1 The weighted average share price at the date of exercise of these options was £1.12.

2 The weighted average share price at the date of exercise of these options was £1.31.

3 The weighted average share price at the date of exercise of these options was £1.36.

4 The weighted average share price at the date of exercise of these options was £1.35.

5 The weighted average share price at the date of exercise of these options was £1.53.

6 The weighted average share price at the date of exercise of these options was £1.21.

Scheme name	31 December 2023					
	Outstanding at 1 January 2023	Granted during the year	Lapsed/cancelled during the year	Exercised during the year	Outstanding at 31 December 2023	Exercisable at 31 December 2023
Performance Share Plan	3,337,237	2,778,282	(2,062,556)	–	4,052,963	375,300
Share Incentive Plan – Free shares	16,383	–	–	(2,016) ¹	14,367	14,367
Share Incentive Plan – Matching shares	216,704	100,645	(21,659)	(21,156) ²	274,534	87,808
Restricted stock	2,178,032	1,770,627	(298,496)	(261,919) ³	3,388,244	405,377
Long Service Awards	2,750	1,500	–	(2,750) ⁴	1,500	–
Save as You Earn	1,312,444	526,656	(410,851)	(3,888) ⁵	1,424,361	255,979
	7,063,550	5,177,710	(2,793,562)	(291,729)	9,155,969	1,138,831

1 The weighted average share price at the date of exercise of these options was £1.09.

2 The weighted average share price at the date of exercise of these options was £1.04.

3 The weighted average share price at the date of exercise of these options was £1.13.

4 The weighted average share price at the date of exercise of these options was £1.00.

5 The weighted average share price at the date of exercise of these options was £1.40.

The exercise price of all options under the schemes held during the year is 0.01p (2023: 0.01p), with the exception of the SAYE scheme where the exercise price ranges between 93p and 236p (2023: 93p and 236p). 820,092 options were exercisable under the PSP, RSA and SIP schemes as at 31 December 2024 (2023: 882,852) and 13,187 options were exercisable under the SAYE scheme (2023: 255,979). No other options were exercisable as at 31 December 2024 (2023: none).

In the case of the Performance Share Plan and Restricted Stock Plan, when exercised, the Group is required to withhold an amount in respect of the participating employee's tax obligation associated with these share based payments and transfer it to the tax authority on behalf of the employee. To fulfil this obligation, the Group withholds the number of equity instruments equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise of these share based payments (referred to as 'net settlement'). The estimated future payments to the tax authority over the next five years in respect of these schemes at 31 December 2024 is £5.3m. This has been estimated based on the number of equity instruments expected to vest, multiplied by the share price at 31 December 2024, multiplied by the average tax rate of 45%.

During the year, the Group made income tax payments on behalf of employees of £0.4m (2023: £nil) in the form of cash as part of the net settlement process on share based payments. The settlement in cash reduced the future funding requirement to the EBT and has accordingly been classified as a financing activity in the consolidated cash flow statement.

(a) Performance Share Plan

The outstanding awards under the PSP as at 31 December 2024 will all vest within three years, subject to continued employment and the achievement of certain performance targets.

For awards made in 2024, the targets are based on financial targets (Group Adjusted EBITDA Less Normalised Rent and ROIC), employee engagement and member visits. The financial targets contribute 80% of the vesting conditions, with the employee engagement and member visit targets each contributing 10%. All targets in the 2024 award are non-market based conditions, and therefore the fair value of the award was determined using the share price at the date of grant.

For awards made in 2023, the targets are based on TSR and Social Value performance measures, with the TSR target contributing 80% of the vesting conditions, and the Social Value contributing 20%. The TSR performance measures are relative TSR and absolute TSR, with awards being split equally between these two measures.

For awards made in 2022, the targets are based on TSR and financial performance measures with each target contributing to 50% of the vesting conditions. The financial performance measures are Return on Invested Capital ('ROIC') and Cumulative Adjusted Group Operating Cash Flow, with the awards being split equally between these two measures.

For awards made in 2021, the performance targets are solely based on TSR, with 33.3% based on absolute shareholder return and 66.7% based on relative TSR.

The vesting conditions of the Performance Share Plan awards are set out on pages 97 to 98. The maximum term of these awards is three years and settlement is in the form of shares.

The fair value of the awards that vest based on non-market based conditions was determined using the share price at the date of grant.

The fair value of the awards that vest based on market based conditions (TSR element) was estimated at the grant date using a Monte Carlo simulation model, taking into account the terms and conditions upon which the awards were granted. This model simulates the TSR and compares it against the group of comparator companies. It takes into account historic dividends and share price fluctuations to predict the distribution of relative share price performance.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2024

25. Share based payments continued**(a) Performance Share Plan** continued

The following assumptions were used for options granted during the year:

	Without holding period		With holding period	
	2024	2023	2024	2023
Weighted average share price at date of grant	£1.33	£0.97	£1.33	£0.97
Exercise price	£0.0001	£0.0001	£0.0001	£0.0001
Expected volatility	-	51.2%	-	42.3%
Expected term until exercised	3 years	3 years	5 years	5 years
Expected dividend yield	-	-	-	-
Risk-free interest rate	-	3.83%	-	3.66%

The weighted average fair value of each award issued under this scheme during the year was £1.33 (2023: £0.46). The weighted average remaining contractual life was 7.8 years at 31 December 2024 (2023: 7.8 years).

(b) Share Incentive Plan – Free shares

The awards made under the SIP – Free Shares occurred when the Group floated on the London Stock Exchange and were subject to continued employment requirements over a three year period and had no performance conditions. Therefore, the options vested in full at the end of the three year period. No further awards have been issued. The shares are held by an employee benefit trust.

The weighted average remaining contractual life was 1.3 years at 31 December 2024 (2023: 2.3 years).

(c) Share Incentive Plan – Matching shares

Under the matching shares award, for every share purchased by an employee the Company will award one matching share, up to a maximum value. Therefore, the options vest in full at the end of the three year period. The awards are subject to continued employment requirements over a three year period and have no performance conditions. The shares are held by an employee benefit trust.

The weighted average fair value of each award issued under this scheme during the year was £1.24 (2023: £1.06) and was determined using the share price at the date of grant. The weighted average remaining contractual life was 1.1 years at 31 December 2024 (2023: 1.3 years).

(d) Restricted stock

The outstanding awards under the RSA are subject to continued employment requirements, which range from a one year to a three year period and have no performance conditions. Therefore, the options vest in full at the end of the period.

The weighted average fair value of each award issued under this scheme during the year was £1.33 (2023: £1.22) and was determined using the share price at the date of grant. The weighted average remaining contractual life was 8.2 years at 31 December 2024 (2023: 8.3 years).

(e) Long Service Awards

The outstanding awards under the LSA are subject to continued employment requirements over a one year period and have no performance conditions. Therefore, the options vest in full at the end of the period.

The weighted average fair value of each award issued under this scheme during the year was £1.33 (2023: £1.14) and was determined using the share price at the date of grant. The weighted average remaining contractual life was 0.5 years (2023: 0.2 years) at 31 December 2024.

(f) Save as You Earn ('SAYE') Scheme

Under the SAYE scheme, employees are allowed to acquire options over the Company's shares at a discount of up to 20% of their market value at the date of grant. The awards are subject to continued employment requirements over a three year period and have no performance conditions. Therefore, the options vest in full at the end of the period.

The weighted average fair value of each award issued under this scheme during the year was £1.28 (2023: £0.95) and was determined using the share price at the date of grant. The weighted average remaining contractual life was 2.0 years (2023: 2.4 years) at 31 December 2024.

26. Commitments and contingencies

The Group had £5.9m of commitments that were contracted but not provided as at 31 December 2024 relating to contracts for the fit-out of new gyms where works have not yet commenced (2023: £3.6m).

27. Related party transactions**Identification of related parties**

The ultimate holding company of the Group is The Gym Group plc, a company incorporated in The United Kingdom.

The subsidiaries of the Group are as follows:

Company	Principal activity	Country of incorporation	Holding
The Gym Group Midco1 Limited	Holding company	United Kingdom	100%
The Gym Group Midco2 Limited	Holding company	United Kingdom	100%
The Gym Group Operations Limited	Holding company	United Kingdom	100%
The Gym Limited	Fitness operator	United Kingdom	100%

The registered office of the subsidiaries is 5th Floor, OneCroydon, 12–16 Addiscombe Road, Croydon, CR0 0XT.

Terms and conditions of transactions with related parties

The purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided for any related party payables. There were no transactions with related parties during 2024 (2023: £nil), other than key management personnel as disclosed below.

Compensation of key management personnel

Key management includes the Directors as identified in the Directors' report and members of the Group's Executive Committee. The compensation paid or payable to key management for employment services is shown below:

	31 December 2024 £m	31 December 2023 £m
Remuneration	3.6	2.4
Company contributions to defined contribution pension scheme	0.1	0.1
Share based payment charge	1.3	0.6
	5.0	3.1

At the current and prior year end, there were no outstanding loan balances owed by key management personnel. At the year end, no balance (2023: £nil) was owed to key management personnel in respect of year end bonuses.

Information regarding the highest paid Director is shown in the Report of the Remuneration Committee.

Financial statements

Company statement of financial position

as at 31 December 2024

	Note	31 December 2024 £m	31 December 2023 £m
Non-current assets			
Investments in subsidiaries	4	232.8	229.9
Trade and other receivables	5	74.6	75.3
Deferred tax asset		0.2	0.5
Total non-current assets		307.6	305.7
Current assets			
Trade and other receivables	5	3.0	3.0
Cash and cash equivalents		0.1	-
Total current assets		3.1	3.0
Total assets		310.7	308.7
Current liabilities			
Trade and other payables	6	5.5	5.3
Non-current liabilities			
Borrowings	7	61.3	58.9
Total liabilities		66.8	64.2
Net assets		243.9	244.5
Capital and reserves			
Own shares held	8	0.1	0.1
Share premium	8	189.9	189.8
Own shares reserve – EBT	8	(3.0)	-
Merger reserve	8	39.9	39.9
Retained earnings	8	17.0	14.7
Total equity shareholders' funds		243.9	244.5

The Notes on pages 160 to 165 form an integral part of the financial statements.

As permitted by s.408 of the Companies Act 2006, the Company's profit and loss account is not presented as part of these accounts. The Company's loss for the year amounted to £0.2m (2023: £0.2m).

These financial statements were approved by the Board of Directors on 12 March 2025.

Signed on behalf of the Board of Directors

Will Orr
Chief Executive Officer

Luke Tait
Chief Financial Officer

Company Registration Number 08528493

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Company statement of changes in equity

for the year ended 31 December 2024

	Own shares held £m	Share premium £m	Own shares reserve – EBT £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 January 2023	0.1	189.8	-	39.9	12.5	242.3
Loss for the year	-	-	-	-	(0.2)	(0.2)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(0.2)	(0.2)
Capital contributions to subsidiaries	-	-	-	-	2.4	2.4
At 31 December 2023	0.1	189.8	-	39.9	14.7	244.5
Loss for the year	-	-	-	-	(0.2)	(0.2)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(0.2)	(0.2)
Capital contributions to subsidiaries	-	-	-	-	2.9	2.9
Issue of Ordinary share capital	-	0.1	-	-	-	0.1
Purchase of own shares by EBT	-	-	(3.5)	-	-	(3.5)
Exercise of share options	-	-	0.5	-	(0.4)	0.1
At 31 December 2024	0.1	189.9	(3.0)	39.9	17.0	243.9

The capital contributions to subsidiaries relate to share based payments made by subsidiaries of the Company.

The Notes on pages 160 to 165 form an integral part of the financial statements.

Retained earnings include distributable reserves of £9.2m (2023: £9.4m).

Financial statements

Notes to the Company financial statements

for the year ended 31 December 2024

1. General information

The Gym Group plc (the 'Company') is incorporated and domiciled in the United Kingdom with Company number 08528493. The registered address of the Company is 5th Floor, OneCroydon, 12-16 Addiscombe Road, Croydon, CR0 0XT, United Kingdom.

2. Summary of material accounting policies

A summary of the material accounting policies is set out below. These have been applied consistently in the Financial statements.

Statement of compliance and basis of preparation

The Financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101. The Financial statements of the Company are included in the Group's consolidated financial statements which can be obtained from the Company's registered office.

The Company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the following disclosure exemptions available to it under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments;
- (b) the requirements of paragraph 97 of IFRS 13 Fair Value Measurement;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraphs 10(d), 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Financial statements are disclosed in Note 3.

Going concern

In assessing the going concern position of the Company for the year ended 31 December 2024, the Directors have considered the following:

- the Group's trading performance in 2024 and throughout the traditional January and February 2025 peak period, in particular in respect of its trading subsidiary The Gym Limited ('TGL') on which the Company is interdependent;
- future expected trading performance of the Company and TGL to 30 June 2026 (the going concern period), including membership levels and behaviours in light of the continued difficult macroeconomic environment; and
- the Company and Group's financing arrangements and relationship with its lenders and shareholders.

Trading in 2024 for The Gym Group was strong, with membership at the end of December 2024 reaching 891,000, an increase of 5% from the end of December 2023. Average revenue per member per month ('ARPM') for the year was £20.81, up 7% from £19.50 in the prior year. Ultimate, the premium price product, ended the year at 29.6% of total membership compared with 31.7% in December 2023. As a result, revenue increased by 11% to £226.3m (2023: £204.0m), and Group Adjusted EBITDA Less Normalised Rent at £47.7m was 24% better than in 2023.

The Group also reported strong cash generation in the year, with free cash flow of £37.5m (see Note 23 to the consolidated financial statements for a reconciliation to Net cash inflow from operating activities) being generated and used to fund 12 new site openings and a number of major refurbishments and enhancements, as well as significant investment in technology.

On 28 June 2024, the Company agreed a new facilities agreement with its existing banking syndicate, which came into effect on 1 July 2024. Under the new agreement, the Company has in place a combined £90m facility, consisting of £45m of Term Loan and £45m of RCF. The new facility is due to mature in June 2027. Drawings under the facilities continue to be subject to quarterly financial covenant tests on Adjusted Leverage (Non-property Net Debt divided by Group Adjusted EBITDA Less Normalised Rent must not exceed 3.0 times) and Fixed Charge Cover (Adjusted EBITDAR to Net Finance Charges plus Normalised Rent must be greater than 1.5 times).

As at 31 December 2024, the Group had Non-Property Net Debt (including non-property leases) of £61.3m, consisting of £61.0m drawn debt under the RCF, £3.3m of non-property leases and £3.0m of cash. The Directors believe that this measure of net debt best reflects the financial health of the business. In addition, it is a key constituent of the Adjusted Leverage covenant included in the Group's banking agreement as noted above. Headroom under the bank facilities at 31 December 2024 (drawn debt less cash) was £32.0m. Adjusted Leverage was 1.3 times and Fixed Charge Cover was 1.9 times.

Following the January and February 2025 peak trading period, closing membership at 28 February 2025 was 951,000, an increase of 7% on the position at 31 December 2024, demonstrating that the low cost gym model remains resilient and spend on gym membership continues to be prioritised.

Despite the continued strong trading performance, the Directors have continued to take a cautious approach to planning. The base case forecast for the period to 30 June 2026 anticipates some growth in yields across the whole estate as a result of pricing optimisation actions identified as part of the Next Chapter growth plan. Modest increases in membership levels are driven largely by the sites opened in 2023 and 2024, and not by growth in the mature estate.

In addition, the Directors have continued to take a measured approach to new site openings throughout the plan period, with all new sites assumed to be self-financed. Under this scenario, the financial covenants are passed with headroom, and the Group can operate comfortably within its financing facilities.

The Directors have also considered a severe downside scenario in which membership numbers in the mature estate decline by approximately 4%. Yields continue to grow, but at a much more modest rate than in the base case. In this scenario, the number of new site openings is reduced to conserve cash, expenditure on maintenance and marketing is reduced slightly, and discretionary performance-related bonuses and share based payment funding are removed. Under this scenario, the financial covenants continue to be passed, and the Group continues to operate within its financing facilities.

The Directors have also considered a reverse stress test scenario to ascertain the extent of the downturn in trading that would be required to breach the Company and Group's banking covenants or liquidity requirements. Mitigating actions assumed in this scenario include moving to a minimum level of maintenance and technology capital expenditure; further reducing controllable operating costs and marketing expenditure; and pausing the new site opening programme in order to preserve cash. In this scenario, the closing membership would need to decline by 23% from April 2025 before the Fixed Charge Cover covenant would be breached in June 2026. The Group would, however, continue to operate within its current level of debt capacity and the Adjusted Leverage ratio would not be breached.

In the event of a reverse stress test scenario, the Directors would introduce additional measures to mitigate the impact on the Company and Group's covenants and liquidity, including: (i) even greater reductions in controllable operating costs, marketing and capital expenditure; (ii) discussions with lenders to secure a covenant waiver; and (iii) deferral of, or reductions in, rent payments to landlords. The Directors consider the reverse stress test scenario to be highly unlikely.

Conclusion

The Board has reviewed the financial plan and downside scenarios of the Group and has a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the period to 30 June 2026. As a result, the Directors continue to adopt the going concern basis in preparing the financial statements. In making this assessment, consideration has been given to the current and future expected trading performance; the Company and Group's current and forecast liquidity position and the support received to date from our lenders and shareholders; and the mitigating actions that can be deployed in the event of reasonable downside scenarios.

Investments

On initial recognition, investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. Where consideration is paid by way of shares, the excess of fair value of the shares over nominal value of those shares is recorded in share premium. Investments in subsidiaries are reviewed for impairment at each balance sheet date with any impairment charged to the income statement. Refer to Note 4 for further details of impairment testing.

Financial statements

Notes to the Company financial statements continued

for the year ended 31 December 2024

2. Summary of material accounting policies continued**Financial instruments** continued**Fair value hierarchy**

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between levels throughout the periods under review.

Financial assets

The Company measures its trade and other receivables and cash and cash equivalents at amortised cost. Subsequent to initial recognition these assets are carried at amortised cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in the income statement.

The Company recognises an allowance for expected credit losses ('ECL') for all debt instruments held at amortised cost. The ECLs are based on the difference between the contractual cash flows due, and the cash flows expected to be received.

For trade receivables, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For receivables other than trade receivables, the Company recognises ECLs in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is recognised based on 12-month ECLs. For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for lifetime ECLs.

Financial liabilities

The Company initially recognises its financial liabilities at fair value and subsequently they are measured at amortised cost using the effective interest method.

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Income tax relating to items recognised in comprehensive income or directly in equity, is recognised in comprehensive income or equity and not in the income statement.

Refer to Note 2 to the consolidated financial statements for the Deferred taxation accounting policy.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Financial statements in accordance with FRS 101 requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The Directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable.

There are no critical accounting judgements or estimates within these Financial statements.

4. Investments in subsidiaries

	£m
At 1 January 2023	227.6
Additions	2.3
At 31 December 2023	229.9
Additions	2.9
At 31 December 2024	232.8

During the current and prior year, share options in the Company's shares were granted to employees of The Gym Limited. A corresponding capital contribution of £2.9m has been recognised within investments in subsidiaries (2023: £2.3m). Details of the Company's share based payment arrangements are shown in Note 25 to the consolidated financial statements.

In January 2024, the Company established an Employee Benefit Trust ('EBT') to purchase shares in order to minimise dilution associated with the share based payments. As the sponsoring entity of the EBT, the EBT has been accounted for as an extension of the Company in the Company's financial statements. During the year ended 31 December 2024, the EBT purchased 2,834,928 shares at a cost of £3.5m. As at 31 December 2024, the EBT holds 2,479,863 shares at a value of £3.0m.

The Company's subsidiary undertakings are shown in Note 27 to the consolidated financial statements.

The Company assesses at each reporting date, whether there are any indications of impairment of investments. If at a reporting date any indication is present, an impairment test is performed. The impairment test assesses the investments in subsidiaries for impairment by comparing the recoverable amount (being the higher of the fair value less costs of disposal and value-in-use) to the carrying amount. If the carrying amount exceeds the recoverable amount, the investment is considered impaired and written down to its recoverable amount.

The Company determines the recoverable amount of its investments by determining the present value of the estimated future cash flows expected to be generated by the investees. This is performed using cash flow projections based on the Board-approved three year plan. Cash flows beyond this period are extrapolated using an estimated growth rate of 3.0% (2023: 3.0%). All cash flows are discounted using a pre-tax discount rate of 11.0% (2023: 10.4%).

In the years under review, management's value-in-use calculations have indicated no requirement to impair and no reasonably possible change in key assumptions gives rise to an impairment.

Financial statements

Notes to the Company financial statements continued

for the year ended 31 December 2024

5. Trade and other receivables

	31 December 2024 £m	31 December 2023 £m
Amounts owed by Group undertakings	77.6	78.3
	77.6	78.3
Due in less than one year	3.0	3.0
Due in more than one year	74.6	75.3
	77.6	78.3

The Company provides a guarantee over certain non-property lease contracts of its trading subsidiary, The Gym Limited. As a result, at 31 December 2024, the Company was exposed to £3.3m (2023: £8.9m) should The Gym Limited default on its obligations under those leases. No expected credit loss in respect of this has been recognised at the balance sheet date.

No expected credit loss in respect of the intercompany receivables has been recognised at the balance sheet date (2023: £nil) as these have been assessed as immaterial. In making this assessment, consideration has been given to a probability-weighted estimate of credit losses over the expected life of the intercompany debt.

Qualitative factors, including a review of the cash flow projections of the main trading entity (The Gym Limited), have then been considered to ascertain whether there has been a significant increase in the credit risk during the year. Based on this assessment, there has been no significant increase in credit risk and the entity is expected to generate sufficient cash to repay its intercompany balances and/or dividends to other entities within the Group to allow them to repay their intercompany balances.

6. Trade and other payables (due in less than one year)

	31 December 2024 £m	31 December 2023 £m
Trade payables	0.1	–
Amounts owed to Group undertakings	4.9	3.8
Accruals	0.5	1.5
	5.5	5.3

7. Borrowings

The carrying value of the Company's borrowings at 31 December 2024 was £61.3m (2023: £58.9m).

Refer to Note 19 of the consolidated financial statements for further details.

8. Issued capital and reserves

	31 December 2024 £m	31 December 2023 £m
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.0001 each	–	–
Own shares held		
Deferred Ordinary shares of £1 each	0.1	0.1

The number of Ordinary shares in issue is as follows:

	31 December 2024	31 December 2023
Ordinary shares of £0.0001 each	179,287,837	178,700,366
Deferred Ordinary shares of £1 each	48,050	48,050

Refer to Note 24 of the consolidated financial statements for details of movements in share capital.

The following describes the nature and purpose of each reserve in equity:

Own shares held

These reserves represent 48,050 Deferred Ordinary shares of £1 each repurchased by the Company on 12 November 2015. The Deferred Ordinary shares constitute a separate, non-voting class of shares which is held in treasury and not admitted to trading. The rights attached to the Deferred Shares are set out in the Company's Articles.

Share premium

The amount subscribed for share capital in excess of nominal value.

Own shares reserve – EBT

The value of shares that are held by the EBT, which will be used to settle share based payments transactions.

Merger reserve

The amount subscribed for share capital in excess of nominal value attracting merger relief under the Companies Act 2006.

Retained earnings

The accumulated net gains and losses of the Company since inception.

Issued Share Capital and Capital Redemption Reserve are not included in the Consolidated statement of changes in equity because the balances in these reserves are less than £0.1m.

Other information

Five year record

The following table sets out a summary of selected key financial information and Key Performance Indicators for the business.

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Revenue	226.3	204.0	172.9	106.0	80.5
Group Adjusted EBITDA Less Normalised Rent ¹	47.7	38.5	38.0	5.7	(10.2)
Free cash flow ²	37.5	27.0	16.7	2.0	(16.6)
Non-Property Net Debt ³	61.3	66.4	76.0	44.1	47.3
Adjusted Leverage (x)	1.29	1.72	2.00	7.74	(4.64)
Total number of gyms (number)	245	233	229	202	183
Total number of members ('000)	891	850	821	718	578
Average revenue per member per month (£) ⁴	20.81	19.50	17.82	17.60	17.20
Members that visit 4+ times in a month ⁵	53.5%	52.3%	48.8%	35.5%	25.3%
Number of mature gyms in operation (number)	227	199	182	175	155
Mature gym site EBITDA Less Normalised Rent ⁶	61.5	53.6	50.9	22.5	3.9
Return on Invested Capital of mature gym sites ⁷	25%	21%	22%	20%	19%
Employee engagement score ⁸	9.0	8.5	8.4	7.6	6.4

1 A reconciliation of Operating profit/(loss) to Group Adjusted EBITDA Less Normalised Rent has been included underneath the Consolidated statement of comprehensive income on page 124.

2 A reconciliation of net cash inflow from operating activities to free cash flow has been provided in Note 23 to the consolidated financial statements.

3 Information on the make-up of Non-Property Net Debt is included under Capital risk management in Note 22 to the consolidated financial statements.

4 In order to provide better year on year comparability for yield, the figures presented for 2021 and 2020 have been adjusted to exclude the impact of UK Government-enforced closure periods as a result of the Covid-19 pandemic. The 2021 figure is calculated for the period from July 2021 to December 2021 when all gyms were fully open and trading had returned to normal. The 2020 figure is calculated on a site-by-site basis and excluded days where the sites were required to be closed due to government restrictions.

5 The figures for 4+ visits for 2023 and earlier have been restated to include like-for-like sites only and to exclude Saver members, members on freeze and members who have joined in a gym's pre-opening period to ensure comparability across periods. Further adjustments and restatements may occur in 2025 as we continue to refine this KPI. The 2021 and 2020 figures are impacted by closure days.

6 Group Adjusted EBITDA Less Normalised Rent contributed by mature sites (£61.5m in 2024; £53.6m in 2023) plus Group Adjusted EBITDA Less Normalised Rent contributed by non-mature and acquisition sites (£13.1m in 2024; £6.3m in 2023) less Central Support Office costs (£26.9m in 2024; £21.4m in 2023) equals Group Adjusted EBITDA Less Normalised Rent (£47.7m in 2024; £38.5m in 2023).

7 ROIC for 2023 and earlier has been restated to deduct the value of rent free amounts from the capital initially invested. In order to provide better year on year comparability for ROIC, the figures presented for 2021 and 2020 have also been adjusted to exclude the impact of UK Government-enforced closure periods as a result of the Covid-19 pandemic. The 2021 figure is calculated for the period from July 2021 to December 2021 when all gyms were fully open and trading had returned to normal. The 2020 figure is calculated to exclude those months when sites were required to be closed due to government restrictions.

8 In 2023, we changed the way we measure employee engagement. We partnered with Peakon, an engagement specialist, and adopted a more accurate and comprehensive approach using a 0-10 scale rating system, moving away from a percentage score (Top Box). Due to the change in methodology for calculating the engagement score, a precise comparison to 2022 and prior cannot be made. These are therefore included for indicative purposes only.

Other information

Definition of non-statutory measures

Group Adjusted EBITDA – operating profit before depreciation, amortisation, share based payments and non-underlying items.

Normalised Rent – Normalised Rent is the contractual rent payable, recognised in the monthly period to which it relates.

Group Adjusted EBITDA Less Normalised Rent – Group Adjusted EBITDA after deducting Normalised Rent. A reconciliation of Operating profit to Group Adjusted EBITDA Less Normalised Rent is included below the Consolidated statement of comprehensive income on page 124.

Adjusted Profit/Loss before tax – profit/loss before tax before non-underlying items.

Adjusted Earnings – profit/(loss) for the year before non-underlying items and the related tax.

Basic Adjusted EPS – Adjusted Earnings divided by the basic weighted average number of shares.

Free cash flow – Group Adjusted EBITDA Less Normalised Rent and movement in working capital, less maintenance and enhancement capital expenditure, cash non-underlying items, bank and non-property lease interest and tax. A reconciliation of Net cash inflow from operating activities to Free cash flow is included in Note 23 to the consolidated financial statements.

Non-Property Net Debt – bank and non-property lease debt less cash and cash equivalents. See Note 22 to the consolidated financial statements for the breakdown.

Mature gym site EBITDA Less Normalised Rent – Group Adjusted EBITDA Less Normalised Rent contributed by mature sites. Mature sites are defined as those sites that have been open for 24 months or more at the period end and exclude acquisition sites.

Return On Invested Capital ('ROIC') of mature gym sites – Mature gym site EBITDA Less Normalised Rent divided by total capital initially invested in the mature sites (after capital contributions and rent free amounts).

Maintenance and enhancement capital expenditure – costs of replacement gym equipment and premises refurbishment.

Expansionary capital expenditure – costs of fit-out of new gyms (both organic and acquired), technology projects and other strategic projects. It is stated net of contributions from landlords.

Adjusted Leverage – Non-property Net Debt divided by Group Adjusted EBITDA Less Normalised Rent.

Fixed Charge Cover – Group Adjusted EBITDA divided by Finance costs (excluding interest costs on property leases) less Finance income plus Normalised Rent.

Other information

Corporate information

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Allen Overy Shearman Sterling LLP

Auditor

Ernst & Young LLP

Joint Brokers

Deutsche Numis
Peel Hunt LLP

Registrar

MUFG Corporate Markets (formerly Link Group)

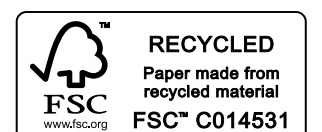
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