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Gym Group PLC (The)
12 March 2025

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The Gym Group plc
('The Gym Group', 'the Group' or 'the Company')
2024 Full Year Results

Next Chapter growth plan delivering; momentum building

Leading low cost gym operator, The Gym Group, announces its full year results for the year ended 31 December 2024.

Key financial metrics[1]

	Year ended 31 December 2024	Year ended 31 December 2023	Movement
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
Adjusted Diluted Earnings/(loss) per share (p)	2.9	(3.4)	+6.3p
Statutory Diluted Earnings/(loss) per share (p)	2.4	(4.7)	+7.1p
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%

Financial highlights[1]

- Strong revenue growth for the year, up 11%, with average members up 4% and average revenue per member per month ('ARPMM') up 7%; like-for-like[2] revenue grew 7%
- 24% increase in Group Adjusted EBITDA Less Normalised Rent at £47.7m (2023: £38.5m), driven by revenue growth and strong operational leverage
- Return on Invested Capital ('ROIC') of mature gym sites of 25% (2023: 21%), delivering medium term guidance early; ROIC increases to 27% after excluding 13 workforce-dependent[3] gyms
- Free cash flow generated in the year increased to £37.5m (2023: £27.0m) funding 12 new sites, enhancements to existing sites and continued technology and data investment
- Non-Property Net Debt reduced by £5.1m to £61.3m (Dec 2023: £66.4m), resulting in reduced Adjusted Leverage of 1.3x; new £90m three-year combined bank facility signed in June 2024

Business and operational highlights

- Next Chapter growth plan driving up returns on 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
- 12 new sites opened in 2024, at top end of guidance. Our focused approach to openings has resulted in all new sites performing ahead of historical maturity curves
- Continued investment in member proposition with capital spend in over 100 sites and significant enhancements in 15; HYROX training sessions rolled out to 120 gyms to become the UK's largest HYROX training club
- Employee engagement score improved to 9 out of 10, with a 92% completion rate; now rank in the top 5%[4] of consumer services businesses for overall engagement

Current trading and outlook

- Trading momentum remained strong in our peak recruitment months of January and February; revenue after two months has grown by 8% year on year, reflecting a 4% increase in average members and 4% growth in yield. Like-for-like revenue up 3%
- Plan to open 14-16 new sites in 2025, in line with our plan to open c.50 sites over three years funded from free cash flow; leverage expected to remain below 1.5x
- Group Adjusted EBITDA Less Normalised Rent for FY25 now expected to be at the top end of the recently revised analyst forecast range of £49.0m-£50.8m[5], driving further improvement in mature site ROIC

Will Orr, CEO of The Gym Group, commented:
"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.

As a result, we believe there is still more benefit to come from the Next Chapter growth plan, giving us the confidence to increase guidance again to the top end of the recently revised analyst forecast range for FY25. We also remain on track to deliver our target of opening c.50 new high quality gyms over three years, funded from free cash flow."

A live audio webcast of the analyst presentation will be available at 9:00 a.m. today via the following link:

https://storm-virtual-uk.zoom.us/webinar/register/WN_USzSnU5bSyC7WdKB-P1gTA. Webinar ID: 850 0442 4647

A copy of the presentation and recording of the webcast will be published on the Company's website.

For further information, please contact:

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Forward-looking statements
This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. By their nature, such statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect subsequent events or circumstances following the date of this announcement.

Notes for editors
The Gym Group was a pioneer of the low cost gym model with gyms offering 24/7 opening and flexible, no contract membership. As at 31 December 2024, we operate 245 high quality sites across the UK with 891,000 members nationwide. Our gyms have over 65 million visits per annum and score highly on member satisfaction. The Gym Group is the UK's first carbon neutral chain of gyms.

Sites opened in 2024 are: Orpington, London Euston Road, Manchester Oxford Road, Welwyn Garden City, London Plaistow, Dudley, London East Ham, London Bromley by Bow, Surbiton, Gillingham, London Shepherds Bush and London Elephant and Castle.

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CEO Review

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.

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 Value[6] 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.

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 gyms[7]), with active pricing and revenue management delivering a strong improvement in like-for-like revenue and resulting in excellent growth in site EBITDA. Progress under the various elements of this programme is outlined below.

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.

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).

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. 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.

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 ofmarket-leading business and member capabilities, accelerating the pace of innovation and creating 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.

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.

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-£50.8m[8], 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 12.

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.

Financial Review

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.

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 in Note 5 to the Consolidated Financial Information.

Summary financial information[9]

	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

Results for the year

	Year ended 31 December 2024			Year ended 31 December 2023		
	Underlying result	Non-underlying items	Total	Underlying result	Non-underlying items	Total
	£m	£m	£m	£m	£m	£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)**

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 ('ARPMM') 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	Year ended 31 December 2023
	£m	£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.

on intangible assets. The increase year on year reflects 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	Year ended 31 December 2023
	£m	£m
Operating profit	**22.9**	**13.3**
Non-underlying operating items (see below)	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[10]	(39.6)	(37.0)
Group Adjusted EBITDA Less Normalised Rent	**47.7**	**38.5**

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 gyms[11]).

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.

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	Year ended 31 December 2023
	£m	£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	Year ended 31 December 2023
	£m	£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 flow[12]	**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)**

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.

Balance sheet and net debt

	At 31 December 2024	At 31 December 2023
	£m	£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 13). 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 information.

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-£50.8m[13].

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.

Definition of non-statutory measures

- *Group Adjusted EBITDA* - operating profit before depreciation, amortisation, share based payments and non-underlying items.
- *Normalised Rent* - 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/(loss) to Group Adjusted EBITDA Less Normalised Rent is included below the Consolidated statement of comprehensive income in the Consolidated financial information section.
- *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 12 to the Consolidated financial information.
- *Non-Property Net Debt* - bank and non-property lease debt less cash and cash equivalents. See Note 10 to the Consolidated financial information for the breakdown.
- *Mature gym site EBITDA Less Normalised Rent* - Group Adjusted EBITDA Less Normalised Rent contributed by the 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.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

		Year ended 31 December 2024			Year ended 31 December 2023		
		Underlying	Non-underlying (Note 5)	Total	Underlying	Non-underlying (Note 5)	Total
	Note	£m	£m	£m	£m	£m	£m
Revenue	4	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 charge)/(credit)	6	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)	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 Rent[1]

	Year ended 31 December 2024	Year ended 31 December 2023

		Note	£m	£m
Operating profit			**22.9**	**13.3**
Add back:	Non-underlying operating items	5	0.9	2.3
	Share based payments (included in Operating expenses)	14	3.4	2.4
	Underlying depreciation and amortisation	8, 9	60.1	57.5
Group Adjusted EBITDA			**87.3**	**75.5**
Less:	Normalised Rent[2]		(39.6)	(37.0)
Group Adjusted EBITDA Less Normalised Rent[1]			**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.
2 Normalised Rent is the contractual rent payable, recognised in the monthly period to which it relates.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	31 December 2024 £m	31 December 2023 £m
Non-current assets			
Intangible assets		92.2	91.4
Property, plant and equipment	8	181.2	171.7
Right-of-use assets	9	280.5	278.1
Investments in financial assets		1.0	1.0
Deferred tax assets	6	18.2	16.3
Total non-current assets		**573.1**	**558.5**
Current assets			
Inventories		0.7	0.7
Trade and other receivables		8.8	10.8
Cash and cash equivalents		3.0	1.5
Total current assets		**12.5**	**13.0**
Total assets		**585.6**	**571.5**
Current liabilities			
Trade and other payables		49.5	43.6
Lease liabilities	9	27.6	28.6
Provisions		0.5	0.1
Total current liabilities		**77.6**	**72.3**
Non-current liabilities			
Borrowings	10	61.3	58.9
Lease liabilities	9	312.9	310.6
Provisions		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		0.1	0.1
Share premium		189.9	189.8
Own shares reserve - EBT		(3.0)	-
Merger reserve		39.9	39.9
Retained deficit		(95.3)	(101.8)
Total equity shareholders' funds		**131.6**	**128.0**

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	14	-	-	-	-	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		-	-	-	-	-	**-**

	Note						
Profit for the year and total comprehensive income		**-**	**-**	**-**	**-**	**4.4**	**4.4**
Share based payments	14	-	-	-	-	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**

Consolidated Cash Flow Statement

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Cash flows from operating activities			
Profit/(loss) before tax		2.5	(8.3)
Adjustments for:			
Finance costs		20.9	21.9
Finance income		(0.5)	(0.3)
Non-underlying operating items		0.9	2.3
Underlying depreciation of property, plant and equipment	8	24.6	24.0
Underlying depreciation of right-of-use assets	9	29.4	28.0
Underlying amortisation of intangible assets		6.1	5.5
Share based payments and associated NICs	14	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 items		(0.9)	(1.0)
Net cash inflow from operating activities	12	**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		(30.2)	(28.0)
Lease interest paid		(15.5)	(15.5)
Bank interest paid		(5.8)	(4.5)
Payment of financing fees		(0.8)	(1.0)
Drawdown of bank loans		5.0	2.0
Repayment of bank loans		(3.0)	(13.0)
Purchase of own shares by EBT	14	(3.5)	-
Settlement of share based payments through EBT	14	(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		**3.0**	**1.5**

Notes to the Consolidated Financial Information

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.

The financial information set out in this report does not constitute statutory accounts for the years ended 31 December 2024 or 2023 within the meaning of sections 435(1) and (2) of the Companies Act 2006 nor does it contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards.

An unqualified report on the consolidated financial statements for each of the years ended 31 December 2024 and 2023 has been given by the Group's auditor, Ernst & Young LLP. Each year's report did not include a modified opinion and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

The consolidated financial statements for the year ended 31 December 2023 have been filed with the Registrar of Companies, and those for 2024 will be delivered in due course subject to their approval by the Company's shareholders at the Company's Annual General Meeting on 8 May 2025.

2. Basis of preparation

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.

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 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 ('ARPMM') 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 12 to the Consolidated financial information 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 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.

3. New and amended IFRS standards that are effective for the current year

There were no new standards or amendments to standards in the year that had a material impact on the Group's consolidated financial statements for the year ended 31 December 2024.

4. Revenue

The principal revenue streams for the Group are membership income, rental income from personal trainers and ancillary income. 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.

	Year ended 31 December 2024	Year ended 31 December 2023
	£m	£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**

Contract liabilities at 31 December 2024 amounted to £15.8m (2023: £14.4m).

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. 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.

5. Non-underlying items

	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
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) 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. Further information about the Group's bank facilities can be found in Note 10.

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

	Year ended 31 December 2024 £m	Year ended 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**

6. Taxation

The tax credit/(charge) in the consolidated statement of comprehensive income is broken down as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Current income tax		
Current tax on profits for the year	-	(0.1)
Adjustments in respect of prior years	-	-
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)**

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.

In assessing the probability of recovery, the Directors have 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.

7. 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.

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.

	Year ended 31 December 2024	Year ended 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	**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)**

The weighted average number of ordinary shares excludes the shares that are held by the EBT (see Note 14) 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.

8. Property, plant and equipment

	Assets under construction	Leasehold improvements	Fixtures, fittings and equipment	Gym and other equipment	Computer equipment	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£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).

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).

9. Right-of-use assets and Leases

Amounts recognised in the consolidated statement of financial position in respect of right-of-use assets are as follows:

	Property leases	Non-property leases	Total
	£m	£m	£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**

The split of lease liabilities between current and non-current is as follows:

	31 December 2024	31 December 2023
	£m	£m
Current	27.6	28.6
Non-current	312.9	310.6
Total Lease liabilities	**340.5**	**339.2**

10. Borrowings and Non-Property Net Debt

The carrying value of the Group's bank borrowings at 31 December 2024 was £61.3m (2023: £58.9m).

In the first half of the year, the Group had in place a combined £80m Revolving Credit Facility ('RCF') (2023: £80m) which was syndicated to a three-lender panel of NatWest, HSBC and Barclays. The facility was due to mature in October 2025 and funds borrowed under the facility agreement bore interest at a minimum annual rate of 2.85% (2023: 2.85%) above the Sterling Overnight Index Average ('SONIA').

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.

Funds borrowed under the new facilities agreement bear interest at a minimum annual rate of 2.75% above the Sterling Overnight Index Average ('SONIA'); and undrawn funds under the RCF bear interest at a minimum annual rate of 1.1%. 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 13). Adjusted Leverage must not exceed 3.0 times and the Fixed Charge Cover must be greater than 1.5 times.

The average interest rate paid in the year on drawn funds was 8.2% (2023: 8.2%).

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.

At 31 December 2024, the Group had drawn down £61.0m under the facilities (2023: £59.0m), leaving £29.0m (2023: £21.0m) undrawn and available. The £61.0m is repayable in October 2027. Adjusted Leverage was 1.3 times (2023: 1.7 times) and Fixed Charge Cover was 1.9 times (2023: 1.7 times).

Non-Property Net Debt at the year end was made up as follows:

	31 December 2024	31 December 2023
	£m	£m
Bank borrowings	61.0	59.0
Non-property leases (Note 11)	3.3	8.9
Less: Cash and cash equivalents	(3.0)	(1.5)
Non-Property Net Debt	**61.3**	**66.4**

11. Financial liabilities

The table below sets out the changes in liabilities arising from financing activities.

	Borrowings	Non-property lease liabilities	Property lease liabilities	Total lease liabilities
	£m	£m	£m	£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.

12. 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 2023 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	31 December 2023
	£m	£m
Net cash inflow from operating activities	95.1	79.5
Less: Property lease payments made (Note 11)	(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**

13. Issued capital

The total number of shares in issue as at 31 December 2024 was 179,287,837 (2023: 178,700,366).

14. Share based payments and Employee Benefit Trust

The Group operates share based compensation arrangements under The Gym Group plc Share Incentive Plan ('SIP'), The Gym Group plc Performance Share Plan ('PSP'), The Gym Group plc Restricted Stock Plan ('RSP'), The Gym Group plc Long Service Award Plan and The Gym Group plc Save as You Earn Plan ('SAYE').

During the year, a total of 4,841,361 (2023: 5,177,710) shares were granted under the PSP, the RSP, the SIP and the SAYE. The PSP and RSP awards vest over three years and are subject to continued employment. The PSP options are also subject to achievement of certain performance targets. A total of 1,782,726 RSP options and 2,804,981 PSP options were issued.

For the year ended 31 December 2024, the Group recognised a total charge of £3.4m (2023: £2.4m) in respect of the Group's share based payment arrangements and related employer's national insurance.

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 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. The shares held in the EBT at 31 December 2024 have been classified as Own shares held - EBT in the Consolidated Statement of Financial Position.

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 a 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.

[1] For a summary of KPI definitions used in this report see the 'Definition of non-statutory measures' section.
[2] Like-for-like revenue vs 2023 includes all sites open as at 31 December 2021.
[3] Sites with a workforce index of more than 120 (workforce population / residential adult population *100), without car parking or a significant student population.
[4] Based on companies included in the Peakon benchmark. Peakon is software developed by Workday that is designed to gather, analyse, and improve employee sentiment.
[5] Current Company-compiled analyst forecast range.
[6] 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.
[7] Sites with a workforce index of more than 120 (workforce population / residential adult population *100), without car parking or a significant student population.
[8] Current Company-compiled analyst forecast range.
[9] Non-statutory measures are defined in the 'Definition of non-statutory measures' section.
[10] Normalised Rent is the contractual rent payable, recognised in the monthly period to which it relates.
[11] Sites with a workforce index of more than 120 (workforce population / residential adult population *100), without car parking or a significant student population.
[12] A reconciliation of Net cash inflow from operating activities to Free cash flow has been included in Note 12 to the Consolidated financial information.
[13] Current Company-compiled analyst forecast range.

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