Company registration number 08130873 (England and Wales)

GYMSHARK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

GYMSHARK LTD

COMPANY INFORMATION

Directors	B Francis M Dunn N A McElhinney ("the Directors")
Secretary	C Reed
Company number	08130873
Registered office	GSHQ Blythe Valley Park 3 Central Boulevard Solihull B90 8AB
Auditor	Ernst & Young LLP No 1 Colmore Square Birmingham B4 6HQ

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GYMSHARK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2023

The Directors present their Strategic Report for the year ended 31 July 2023.

Principal activities and Review of business

The group of which the Company is part of, is purpose-led and exists to unite the conditioning community. The focus for the brand is to produce products that align with its core focus in lifting and conditioning, and creating engaging content in a thoughtful and inclusive way for its stakeholders throughout the world.

The principal activity of Gymshark Ltd ("the Company") during the period was trading as a Direct to Consumer ("D2C") brand, selling fitness and conditioning apparel and associated accessories through e-commerce channels and its flagship store on London's Regent Street.

The Company trades directly with customers throughout the world, apart from the USA which is serviced by the Company's fully owned subsidiary Gymshark USA Inc ("GUSA").

During the period to 31 July 2023, management has been mindful of the complex global macro-economic trends and their impact on its operations and execution to the consumer. Apparel businesses have continued to suffer from rising input costs in their supply chains, whether from rising raw materials and labour costs. However, other costs notably freight began to normalise during the financial year. Generally, inflation and cost of living increases are also affecting consumer spending but the board is pleased to report that the Company has continued to grow its like-for-like external sales and continues to be profitable.

The board is with delighted with the performance of its flagship store in Regent Street. The launch of this store was well executed and the consumer feedback on the business's events and products has been very positive. Sales have been ahead of expectations without any detrimental impact to local sales online.

The overall strategy of the group headed by Gymshark Group Limited ("Gymshark"), remains to continue increasing external revenues in a profitable and sustainable manner, by selling desirable, authentic products to its growing consumer base.

People update

The Group has successfully made a number of senior appointments to strengthen its C-suite, adding additional experience and expertise to its existing teams. Notable appointments include Mat Dunn (new Chief Financial Officer who has significant retail and e-commerce experience) and Laurent Madelaine (new Chief Supply Chain and Product Officer, the first time the business has created this role, and who has over 30 years' experience in supply chain, sourcing and logistics in the retail sector). In addition, the business has continued to invest in making experienced hires in managerial and executive roles in other areas of the business.

During the financial year, Niran Chana resigned as a statutory director and Noel McElhinney was appointed as a statutory director of the Company.

KPIs

The Directors of the Company closely monitor a range of KPI's.

	2023	**2022**
Turnover	403,818	349,054
Like-for-like external revenue* (Note 3)	305,725	256,110
Gross profit margin	50%	53%
Like-for-like external gross profit margin*	59%	65%
EBITDA (including exceptionals items)	3,870	17,104
EBITDA (excluding exceptionals items)	8,643	17,104

*Like-for-like external revenue and gross profit margin is defined as excluding: the impact of external sales and cost of sales associated with US customers and the impact of internal sales and cost of sales to Gymshark USA Inc, defined as Intercompany sales in Note 3.

Previously, profit before tax was considered as a KPI for the company, but due to the new arrangement of Gymshark Ltd selling stock to GUSA whilst retaining the majority of the wider Gymshark's overhead costs, the Directors no longer deem the measurement to be a KPI. The profit before tax KPI is now only considered at a wider group level.

Other KPIs that are monitored in relation to the year ended 31 July 2023 show that on a like-for-like basis*:

Orders increased by 19.1% (2022: 9%)
Unit sold increased by 11.5% (2022: 30%)
Conversion** increased by 10 bps (2022: 20 bps)

*Like-for-like basis on other KPIs is defined as the impact of external customers excluding US customers.

** Conversion is calculated as the number of orders as a proportion of the number of sessions to the Gymshark website.

Financial review

Overall, 2023 was a successful year with like-for-like external net revenue up 19% per annum despite tough economic conditions and declining consumer confidence. Our progress was underpinned by the relevance and quality of our products to consumers, the resonance of our brand with the conditioning community and improvements to the efficiency and effectiveness of our operations.

It was a difficult start to the year with our first quarter impacted by the Cost-of-Living crisis. However, we successfully launched our first permanent retail store on Regent Street and immediately saw a strong performance. Despite the tough start, The Black Friday and Cyber Monday 2022 sales event performed well and momentum built from there.

Since January 2023, the Company has focused on execution particularly in product, supply chain and the commercial areas of its business working to improve the effectiveness and efficiency of its operations. In the short-term this has led to a focus on bettering the way we interact with customers, increasing levels and relevance of new product whilst reducing historic excess stock. This impacted like-for-like external gross margin which was 59% for 2023 (2022: 65%), but has delivered efficiencies in our supply chain and materially improved our cash flow.

During this period, the Company also restructured its regional offices (North America, Hong Kong and Mauritius) to reduce the complexity in its operations and exits the year a much more simple and effective business. This, alongside the net working capital unwind, has allowed the Company to increase investment in areas to help drive future growth, including strategic brand investments (e.g. large lifting events), and new technology projects to improve our digital experience.

All of this has resulted in EBITDA (excluding exceptional costs) decreasing year on year in 2023 to £8.6m from £17.1m in 2022, whilst strategically investing in the brand and positioning the business for future growth. This decrease was mainly driven by FX rate fluctuations on an intercompany loan – please refer to Gymshark Group Limited's Financial Statements further detail on broader Group profitability.

Principal risks and uncertainties

The company's operational and financial performance is subject to several principal risks, which are set out below. The risks outlined below apply to both the company and the wider Gymshark Group, where they are centrally managed and mitigated.

Principal risk	Changes in risk rating from FY22 and executive owner	Risk description / explanation	Risk mitigation / action
Economic risk	Risk rating: Same as in FY22 Executive owner: The Chief Executive Officer	Global macroeconomic factors have continued to affect apparel businesses. Fluctuations in the prices of fuel and raw materials, third party delivery surcharges and labour costs continue to affect many businesses. The Company's consumer base is affected by higher interest rates, fluctuating and high levels of inflation and cost of living increases. The Company also operates in a highly competitive sector which has faced inventory issues and pressure to discount prices.	The Company mitigates its exposure to macroeconomic factors in a number of ways: - the Company benefits from a young customer demographic, which the directors generally consider to be less susceptible to drops in discretionary spend, as an older demographic is; and - many of the Company's products are offered at relatively accessible price points; The C-suite constantly monitors applicable macroeconomic trends and, where necessary, recommend changes to the business's operating model.
Cyber threats and technology risks	Risk rating: Same as in FY22 Executive owner: The Chief Technology Officer	The threat posed by cyber-attacks remains high for all tech enabled businesses. Customers of online retailers have high expectations for the experience and functionality of the e-commerce channels they use.	The Company has dedicated in-house expertise to manage the potential threats and regularly uses third party suppliers to test and verify the security of its systems. The Company has also invested in training programmes to educate its staff on the latest trends in cyber-attacks and bad actors. The Company is aware of customers' expectations and continues to invest in the technology supporting its customer proposition and enhancing the customer journey.

Principal risk	Changes in risk rating from FY22 and executive owner	Risk description / explanation	Risk mitigation / action
Compliance risks	Risk rating: Increased from FY22 Executive owner: The Chief Financial Officer	The Company has significant international presence, trading in over 180 countries worldwide. This reach means that compliance with laws and regulations is increasingly complex. Specific areas of review are around compliance with data use and privacy regulations and due diligence on vendors in the Company's supply chain. The increase in risk rating from FY23 mainly relates to the risks created by the business' first permanent physical retail operation in Regent Street.	The risk to the Company is managed as follows: - by subject matter experts on compliance, for example on data governance, ethical issues and labelling; - through the Company's regulatory and ethical teams which regularly brief the relevant business units on forth-coming legislation; and - by the use of external counsel and professional advisers and membership and affiliations with leading global trade bodies where the Company requires additional support.
Supply chain	Risk rating: Lower than in FY22 Executive owner: The Chief Supply Chain and Product Officer	The Company's product supply chain is global and covers raw material suppliers, mills and yarn manufacturers, garment factories (including seamless and CTM) and producers of trims, accessories, labels and packaging amongst other suppliers.	The Company diversified its vendor base a couple of years ago and is not dependent upon a single factory or any one region. The Company also recognises the importance of building strong relationships of mutual trust and understanding with its key suppliers. The Company mitigates its supply chain risk through the operational expertise in its sourcing and supply chain team. The Company has recruited its first ever Chief Supply Chain and Product Officer and has made other senior hires. The Company has also promoted existing team members, encouraging them to further specialize as they have taken on new roles. These changes in personnel, together with an improving macro-economic environment, have led to the conclusion that the risk rating is lower than it was in FY22.

Principal risk	Changes in risk rating from FY22 and executive owner	Risk description / explanation	Risk mitigation / action
Climate change and environment	Risk rating: Increased from FY22 Executive owner: The Chief Supply Chain and Product Officer	Climate change will continue to be a risk factor for all apparel businesses. The wider Gymshark Group is now bound to report on its TCFD processes and understands the importance of building climate change impacts into its cross-functional business processes. The risk rating for climate change and environment has increase because of the lead time in recruiting the right resource and identifying the most suitable technology solution.	The wider Group submitted its carbon reduction targets for Scope 1, 2 and 3 to the Science Based Targets Initiative and had them approved in May 2022. Gymshark accepts that it now needs to make progress against these commitments and report on this to its stakeholders and to the public. The Company is committed to hiring dedicated resource and investing in technology to assist with these commitments.
Foreign exchange exposure	Risk rating: Increased from FY22 Executive owner: The Chief Financial Officer	The Company is a UK-head quartered business that sells products to customers across the globe in a number of different currencies. Continued growth across the world gives rise to a foreign exchange exposure given that the Company's presentational currency is Pound Sterling. This exposure could have a negative impact on profitability. The risk rating is perceived to have increased because of the volatility of Pound Sterling as against the US Dollar.	The Company has income and expenses in all principal currencies, being Pound Sterling, Euro and US Dollars, therefore providing a natural hedge. Surplus foreign currency is sold for Pound Sterling at a time that is convenient for cashflows of the business, considering the political and economic environment at the time of the transaction. During the year, a $140 million balance between the two Group trading entities, Gymshark Limited and Gymshark USA Inc, has been designated as part of Gymshark Limited's net investment in Gymshark USA Inc. This monetary balance is deemed unlikely to settle. In the consolidated financial statements that includes both entities, the exchange differences that arises on the designated monetary balance is recognised in other comprehensive income and will be reclassified from equity to profit or loss on disposal of the net investment.

Principal risk	**Changes in risk rating from FY22 and executive owner**	***Risk description / explanation***	***Risk mitigation / action***
Tax	Risk rating: Same as in FY22 Executive owner: The Chief Financial Officer	The Company operates in multiple jurisdictions across the globe, both in terms of its suppliers and consumer base. As a result, there is a degree of complexity in this operating model which requires professional advice, particularly on tax issues.	The Company has an internal tax team, including experts on corporate and indirect taxes and duties. In addition, the Company instructs leading experts on global taxes to give advice on areas where the internal tax team requires support.
Talent	Risk rating: Increased from FY22 Executive owner: The Chief People Officer	The success of the Company is to a large extent dependent upon the skill, motivation and cohesion of its employees. The market for talent in the United Kingdom and the United States has been particularly competitive since COVID-19. The Company is particularly mindful of retaining its senior leaders to enable it to continue to grow in a sustainable and innovative way. The risk rating is perceived to have increased as a result of increased competition in the market for talent and because of the fact that the brand is not known in physical retail and it is hard to recruit when competing with established retailers.	The Company has its own in-house recruitment and pay and perks teams within the People function. The Company regularly takes external advice on remuneration and benefits and strives to offer attractive packages to talent at all levels within the business. People issues are constantly discussed during meetings of the C-suite and the strength and composition of the senior leadership team is reviewed at board meetings and board committee meetings.

The Directors have also considered funding and covenant compliance as a principal risk, which have both been considered as part of going concern.

Section 172 (1) Companies Act 2006 statement
The directors understand the contents of Section 172(1) and their obligations to consider the matters set out in this provision in their roles.

During the period to 31 July 2023, the directors committed to improve the corporate governance within the wider Gymshark Group, providing greater structure and consistency to processes and decision-making. The directors provide scrutiny and oversight to the strategy and performance of the Company, focusing on trading, brand performance, product development, people and the business's community as well as the strength of the Company's internal controls and systems.

The Company's values include doing the right thing, be human and be caring. These values apply as much to its corporate governance as to its trading operations. For example, doing the right thing encompasses honesty, trustworthy and genuine; be human stresses the importance of being accessible, inclusive, and humble; and be caring comprises being conscious of the world we live in, caring for those around us and being proactive to create positive change. The directors accept and embrace these values in their work.

Our key stakeholders groups are set out below. Each stakeholder group has their own individual priorities, of which the Directors are aware and consider. These priorities are considered, where appropriate, in the Board's decision making.

Stakeholders	Why they are important
Our community – customers and wider society	Our customers are essential to our performance and the reason that we exist. We aim to be a responsible business and achieve our sustainability objectives to positively impact local communities.
Our athletes and influencers	Our athletes and influencers are ambassadors for the brand providing marketing services and promoting awareness of our brand.
Our suppliers of both stock and goods not for resale	We acknowledge that relationships with our stock suppliers are important to our financial performance – they provide us with products we need to operate the business.
Our staff	Our people are key to the delivery of the business's strategy.
Our ultimate shareholders	Our shareholders are providers of capital and have a financial interest in our performance.
Our funders	Our funders provide us with access to a facility to help fund our working capital. Our funders have a financial interest in our performance, and we have quarterly covenants to satisfy.

Below are examples which show how the factors set out in section 172(1) have been considered in some of the Company's key decision-making.

Principal decision taken in FY23 and headline rationale	***Relevant* Stakeholders**	***Key Considerations***	**Decision**
Restructuring the US team: Repurposing headcount in the Denver office and re-centralizing certain functions in the global HQ	Our staff	Any decision to rationalize and restructure headcount has a number of considerations, including the long-term interests of the employees who may remain in the business and the desire to continue to work with suppliers and meet customers' needs. However, the impact on the financial and personal well-being of the at risk individuals is an important balancing factor.	The board carefully considered the future organisation of the operation in North America and the ability of existing expertise in the UK head office to deliver global support. The board also took external advice on the legal requirements of a US restructuring and advice on the most effective way to minimize the impact on the relevant individuals. It was decided that the business in North America should be restructured to allow the Company to retain a central control and reduce overheads.

Principal decision taken in FY23 and headline rationale	Relevant Stakeholders	Key Considerations	Decision
Closing regional offices in Hong Kong and Mauritius: Reducing overseas headcount and centralizing expertise in the UK	Our staff	As noted above, restructuring part of a business's employee organisation structure involves financial, legal, operational, and personal considerations. The board considered the loyalty and hard work of the sourcing offices as well as the impact of Covid on the ability of the teams in the sourcing offices to meet and form relationships with suppliers. The board also considered the advice from its Chief Supply Chain and Product Officer on industry developments within various regions which specialize in apparel manufacturing in the context of the business's future trading aspirations. The board also assessed additional jobs which would be required in the United Kingdom and which individuals within the overseas offices should be offered the chance to relocate.	The board balanced the competing considerations and decided that a simpler operating model with expertise concentrated in the UK headquarters would be more beneficial to the Group and to supplier relationships than keeping regional offices.
	Our suppliers	For a business which outsources the production of its goods, management of positive relationships with manufacturers and the delivery of high quality product for the consumer are both extremely important. The board carried out the necessary diligence on the impact of centralizing relationships with our apparel manufacturers. The board also considered the medium and long term changes in sourcing strategy and the resource needed to ensure these suppliers continue to have positive relationships with the business.	The board decided that the two regional offices would be closed down and support provided centrally from the UK, with additional roles being created where needed. A concentration of expertise in the UK headquarters was felt to be the best way of fostering effective relationships with our suppliers of stock.

Principal decision taken in FY23 and headline rationale	Relevant Stakeholders	Key Considerations	Decision
Investing in tech infrastructure: Reducing point of sale friction for the consumer	Our community	Successful e-commerce D2C businesses will continue to reinvest in their technology infrastructure in order to meet customer expectations. This reinvestment often requires significant expenditure and time to implement.	The Company identified a way of improving customer experience on its website by speeding up product identification and selection. A project team identified the steps required to implement the changes. The board determined that the business should invest in the relevant technology and infrastructure changes for the benefit of its consumers.
	Our shareholders	Many shareholders are focused on the creation of value and the long term success of businesses they invest in. In some businesses, shareholders expect annual returns by way of dividend.	The Company has a history of reinvesting all profits made back in the business. The Company has also prided itself of meeting consumer needs. The decision to improve the technology infrastructure of the website was discussed in a forum with representatives of the two principal shareholders and was unanimously approved.
***Managing excess stock* and future stock purchases:** Negotiating new contract terms and resetting stock purchases with suppliers	Our community	Suppliers and customers work together to meet each other's needs. Amongst other factors, suppliers value certainty and consistency from their customers.	The board monitors the level of stock cover as part of its normal processes. Following the end of the restrictions placed by the pandemic and the change in both consumer behaviours and the decline in macro-economic conditions, it became evident that the business's inventory levels were not optimal, meaning that any excess levels needed to be responsibly reduced. It was also evident to the board that the payment terms for certain suppliers had the potential to create short term issues. Accordingly it was decided to produce more detailed stock purchase forecasts and to reset certain contractual terms with key suppliers in order to better reflect the Company's current and anticipated short term trading.
	Our shareholders	Shareholders entrust operational and executive decisions to management and accept that difficult decisions need to be taken from time to time.	Representatives of the Company's principal shareholders were made aware of the position on inventory levels and supplier payment terms and of the proposed changes to reset them for the Company's benefit. The shareholders supported these decision unequivocally.

Principal decision taken in FY23 and headline rationale	Relevant Stakeholders	Key Considerations	Decision
Launching a sustainability web portal: Giving better access to our sustainability credentials	Our community	Consumers of apparel are increasingly keen to understand what sustainability commitments brands are making in order to protect the planet and people. As part of this educational process, consumers want what is often complex material presented in a digestible format. Suppliers of apparel businesses expect responsible brands to care about a wide range of sustainability issues from the best ethical practices to measuring the carbon impact on the planet.	The Company prides itself on its transparency with the consumer and wanted to set up a web portal which provides accessible information stating what the business's approach to sustainability is and how it deals with material issues. The board approved the creation of a web portal for consumers to begin to learn more but on the understanding that the engagement through the web portal will evolve and improve over time. The board is aware that Gymshark uses a wide range of suppliers throughout the globe but that a web portal containing basic information would also assist them in understanding Gymshark's strategic direction on sustainability matters.
Joining Better Work: Deciding to join the Better Work initiative	Our community	Businesses in the broad textile industry that outsource garment production to factories throughout the world need to be aware of the risks of modern slavery and human trafficking. Consumers are becoming increasingly conscious of the effect of their choices and of brands' activities on people in their respective supply chains.	The business is acutely aware of the importance of ethical issues in its supply chain. The business wanted to find a partner which would have a wide reach and with the capacity to help empower and support its factories on social and ethical issues as the Company's sourcing strategy evolved. After the necessary due diligence, the International Labour Organization's Better Work programme was selected as being most appropriate for Gymshark and best placed to drive continuous improvement for workers in the factories used by Gymshark.

Future Developments

The Directors recognise that the wider macro-economic environment is continuing to have an impact on the consumer and on the Company's business. As a result, the Directors anticipate that the previous growth trajectory that the Company experienced in different times will not continue in the same way. However, the group is confident that it can continue to grow its business meaningfully whilst improving profitability and has clear plans in place to deliver this. The main areas for future development include improved digital experience, expanding the Company's operations in new territories, physical retail and thoughtful extensions to the product range. Any such extensions or expansion will be carried out in line with the Company's purpose of uniting the conditioning community.

On behalf of the board

DocuSigned by:
Ben Francis
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B Francis
Director

Date: 23 November 2023

The directors present their annual report and financial statements for the year ended 31 July 2023.

Results and dividends
The profit for the year, after taxation, amounted to £2.8m (2022: £12.6m). No dividends were paid during the year (2022: £10.6m).

Disclosure of information in the strategic report
In preparing the Directors' report, the directors have complied with S414C (11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic Report which are future developments, research and development and business relationships.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Francis	
M Dunn	(Appointed 9 January 2023)
N A McElhinney	(Appointed 1 April 2023)
N Chana	(Appointed 1 August 2022 and resigned 22 June 2023)
P Daw	(Resigned 31 December 2022)

Disabled persons
The Company gives full consideration to applications for employment from anyone with a disability, and commits to ensuring our opportunities at Gymshark are more accessible to people with disabilities by:

- Providing a fully inclusive and accessible recruitment process
- Being flexible when assessing people, so disabled job applicants have the best opportunity to demonstrate that they can do the job
- Offer an interview to all disabled candidates who meet the minimum criteria for the role in which they are applying for
- Making workplace adjustments (also known as reasonable adjustments) as required

Where existing employees become disabled, it is in the Company's policy wherever practicable to make every effort to ensure that they stay in continuous employment and provide training and career development and promotion to disabled employees where appropriate.

Employee involvement
The Directors support the participation of employees in the activities of the Company, encourage employees to become involved in the pursuit of safety, efficiency, inclusion, and high performance, and provide employees with regular two-way communication on the company's plans, performance and figures.

Employee Wellbeing
The Company supports employee wellbeing through a choice of inclusive benefits, free access to mental health support, including over 30 trained mental health first aiders, 24/7 access to a GP and wellbeing app, plus PMI for all employees. The Company regularly promotes and encourages everyone to get involved with physical and mental wellbeing activities and has developed an internal wellbeing hub; The Life Locker, to host all information for support and resources available to employees.

Equity, Diversity and Inclusion
The Company continues to deliver and develop it's EDI Strategy. In 2023 the Company launched a new employee resource group (ERG); The Belonging Committee, a team led internally by colleagues to promote, educate, and celebrate all things EDI, with a particular focus currently on gender equity, multi-cultures, LGBTQ+, disability and wellbeing. The Company is committed to ensuring that everyone has the chance to fulfil their potential, whilst working in an enjoyable inclusive environment. It is in the Company's policy to promote equal opportunities at work and ensure no employee or job applicant is subjected to discrimination, harassment, bullying or victimisation in the workplace.

Social Impact

The Group has sought to increase the social impact it has for our colleagues and local communities, therefore has established an Impact Committee to ensure a fair, inclusive, and consistent process for all volunteering and fundraising. We offer colleagues one volunteering day per year, which embodies our values of doing the right thing and being proactive to create positive change. We also offer match funding up to a certain amount to support employees with their personal charitable efforts.

Donations

Charitable donations during the year totalled £44k (2022: £133k). There were no political donations.

Post reporting date events

No post year events to report.

Going concern

The directors are required to assess the Company's ability to continue as a going concern for a period of at least 12 months from the date of the signing of the Company's financial statements. The Company's going concern assessment considers the Company's principal risks and is dependent on a number of factors, including financial performance, continued access to borrowing facilities and the ability to operate the Company's borrowing facilities within its financial covenants. At 31 July 2023 the Company had net current liabilities of £29,199k (2022: £128,387k net current assets), cash and cash equivalents of £30,446k (2022: £33,029k) and net cash of £30,446k (2022: £17,206k net debt). The Company has a £50m committed revolving credit facility ('RCF') with an additional £30m committed accordion, that expires in December 2024 with an option to extend the facility for a further 2 years until December 2026. This facility is only expected to be used to meet short-term working capital fluctuations. As at 31 July 2023 the RCF was fully repaid, as at the date of this report £nil is drawn, following the peak promotional period. The RCF has covenants measuring net leverage and interest cover, which are tested quarterly.

Due to continued Company profitability, the detailed review of the going concern assessment was focused around working capital management, in particular, the liquidity and the net leverage covenant of the Company during the months preceding significant promotions, when the Company builds its inventory holding. For the purpose of the going concern model, the Company's cash flow forecasts includes cash generated by it's wholly owned subsidiary, Gymshark USA Inc, which are assumed to be remitted back to the UK. The review included an assessment of the future funding requirements, based on trading continuing in line with current and future performance expectations and focused on the expected weekly cash flows and quarterly covenant compliance forecasts extending to 31 December 2024. This revised base case modelled adequate headroom on covenants at all testing dates throughout the going concern period along with sufficient levels of cash to fund working capital management.

Consideration has also been given to severe but plausible downside scenarios to determine the impact on profitability and future cash flows. In the 2024 financial year to date, revenue is tracking at c.20% higher than the corresponding period during the year ended 31 July 2023. As part of our considerations we developed multiple downside scenarios whereby future sales are below the projected levels in the base forecast, including there being no increase in revenue in the financial year ended 31 July 2023 compared to the prior year. This scenario modelling also included a reasonable controllable mitigation which involves reducing inventory purchases during the current year to reduce any surplus stock at 31 July 2024 as well as reviewing other costs to ensure the Company remained profitable with positive cash flow

The impact of this scenario on cash flow demonstrated that the business would still have headroom on its covenants at all testing dates and sufficient liquidity to continue building up inventory holdings before the significant promotions.

The directors have also considered the impact of key inventory and non-inventory suppliers on going concern. The business has diverse supplier base by geography and by the number of inventory suppliers, so that there is not an over reliance on a single country or company for inventory. Major suppliers of goods or services not for resale were identified as key but no indications have been identified with respect to these companies ceasing to trade. The company has not been approached by any supplier of goods or services to improve payment terms which would have impacted working capital requirements. Over the next financial year, the supplier base will be diversified further, with new suppliers onboarded in new territories to support the roll out of the sourcing strategy and drive down shipment times / duty rates.

A reverse stress test scenario has also been modelled to assess the level of revenue reduction that would be required to cause a liquidity or covenant issue. The directors also considered what interest rates would give rise to an interest cover issue under the plausible but severe scenarios. The likelihood of these scenarios were then assessed. The directors concluded that the reverse stress test scenarios are remote.

It is acknowledged by the directors that the company will seek further committed funding, as necessary, to fund any additional short-term working capital in advance of entering any obligations to purchase inventory fuelled by increased demand.

Under both the base case and plausible but severe downside scenarios, the directors consider the likelihood of the facility needing to be drawn at the date of its expiry to be remote.

The directors also considered and assessed that there were no significant events forecast immediately beyond 31 December 2024 that would impact the going concern assessment. Therefore, the directors are satisfied that the Company will have sufficient ongoing facilities available throughout the forecast period used to assess the going concern assumption.

Based on their assessment, the directors believe the Company has adequate available resources to fund its operations for the foreseeable future, and not less than 12 months from the date of the signing of these Company financial statements, and so determine that it remains appropriate for the Company financial statements to be prepared on a going concern basis.

Energy and carbon report

The directors are aware of the requirements for large UK companies to report on their UK energy use and carbon emissions. The information in relation to greenhouse gas emissions, energy usage, and energy efficiency actions which includes Gymshark Ltd's impact, is included Gymshark Group Limited financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company auditor is aware of that information.

GYMSHARK LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

Auditor

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board

DocuSigned by:

Ben Francis

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B Francis
Director

Date: 23 November 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GYMSHARK LTD

Opinion

We have audited the financial statements of Gymshark Ltd for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 35, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) ("FRS 102").

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 company's ability to continue as a going concern for a period to 31 December 2024.

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 company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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, 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

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the 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.

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, or returns adequate for our audit have not been received *from branches not visited by us; or*
- the financial statements 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 16, 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 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 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 entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework and the relevant direct and indirect tax compliance regulations.
- We understood how Gymshark Ltd is complying with those frameworks making enquiries of management, the audit committee and the Company Secretary. We corroborated those enquiries through our review of Board minutes and noted that there was no contradictory evidence.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur considering the risk assessment performed by management, understanding the controls in place to mitigate fraud and considering which areas may be most susceptible to the risk of management override. We also performed risk assessment analytical procedures and identified sources and types of journal entries in the company's financial processes. Any fraud risk factors identified were evaluated to identify risk of material misstatement due to fraud. We did not identify any material risks of misstatement due to fraud, other than the presumptive risk of material misstatement due to fraud in respect of revenue recognition and management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations, including in respect of fraud. Our procedures involved using data analytic approaches to identify any unusual journal entries, including any in the revenue process and obtaining evidence that those journals are authorised, supported by appropriate documentation and have been accounted for appropriately. We also made enquiries of those charged with governance and those outside of the finance function as to whether there was any actual or suspected fraud. These procedures were designed to provide reasonable assurance that the group and parent company financial statements were free from material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DocuSigned by:
Ernst & Young LLP
B6A8060B0138444...

James Golder (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
23 November 2023

GYMSHARK LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	403,818	349,054
Cost of sales		(200,686)	(163,709)
Gross profit		203,132	185,345
Distribution costs		(61,990)	(60,755)
Administrative expenses		(146,505)	(116,749)
Other operating income	4	6,649	7,784
Exceptional items	5	(4,772)	(2,290)
Operating (loss)/profit	6	(3,486)	13,335
Interest receivable and similar income	10	8,337	3,765
Interest payable and similar expenses	11	(3,016)	(1,092)
Profit before taxation		1,835	16,008
Taxation	12	955	(3,381)
Profit for the financial year		2,790	12,627

The profit and loss account has been prepared on the basis that all operations are continuing operations.

No recognised gains and losses for 2023 other than those included in the Statement of Comprehensive income.

There was no other comprehensive income for 2023 (2022: £Nil).

The notes on pages 25 to 47 form part of these financial statements.

GYMSHARK LTD

BALANCE SHEET

AS AT 31 JULY 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Intangible assets	14		3,436		680
Tangible assets	15		36,067		35,747
Investments - equity	16		22		-
Investments - long term loans	18		108,948		-
			148,473		36,427
Current assets					
Stocks	19	64,484		81,742	
Debtors:	20				
amounts falling due within one year		23,365		45,279	
amounts falling due after one year		1,911		66,810	
Cash and cash equivalents	21	30,446		33,029	
		120,206		226,860	
Creditors: amounts falling due within one year	22	(148,821)		(94,338)	
Provisions	26	(584)		(4,135)	
		(149,405)		(98,473)	
Net current (liabilities)/assets			(29,199)		128,387
Total assets less current liabilities			119,274		164,814
Creditors: amounts falling due after more than one year	23		-		(50,000)
Provisions for liabilities					
Provisions	26	(1,617)		(1,322)	
Deferred tax liability	25	(3,927)		(2,552)	
			(5,544)		(3,874)
Net assets			113,730		110,940
Capital and reserves					
Called up share capital	27		-		-
Profit and loss reserves	29		113,730		110,940
Total equity			113,730		110,940

The notes on pages 25 to 47 form part of these financial statements.

GYMSHARK LTD

BALANCE SHEET (CONTINUED)

AS AT 31 JULY 2023

The financial statements were approved by the board of directors and authorised for issue on 23 November 2023 and are signed on its behalf by:

DocuSigned by:
Ben Francis
84D588584EA7476

B Francis
Director

Company Registration No. 08130873

GYMSHARK LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2023

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 August 2021		-	108,913	108,913
Year ended 31 July 2022:				
Profit and total comprehensive income for the year		-	12,627	12,627
Dividends	13	-	(10,600)	(10,600)
Balance at 31 July 2022		-	110,940	110,940
Year ended 31 July 2023:				
Profit and total comprehensive income for the year		-	2,790	2,790
Balance at 31 July 2023		-	113,730	113,730

The notes on pages 25 to 47 form part of these financial statements.

General information

Gymshark Ltd is a private company limited by share, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales with the registered number 08130873. The address of the registered office is GSHQ, Blythe Valley Park, 3 Central Boulevard, Solihull, B90 8AB.

The nature of the Company's operations and principal activities are set out in the Strategic Report.

1 Accounting policies

1.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Under FRS 102 (section 1.12), the company is exempt from the requirement to present a statement of cash flows and related notes on the grounds that its ultimate parent company (Gymshark Group Limited) includes the company's cash flows in its own consolidated financial statements. This information is included in the consolidated financial statements of Gymshark Group Limited as at 31 July 2023 and these financial statements may be obtained from the registered office.

The Company has taken advantage of the exemption available under Section 400 of the Companies Act 2006 from preparing Consolidated Accounts, as it is a wholly owned subsidiary of Gymshark Group Limited, a company registered in the United Kingdom which itself prepares consolidated financial statements that are publicly available.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors are required to assess the Company's ability to continue as a going concern for a period of at least 12 months from the date of the signing of the Company's financial statements. The Company's going concern assessment considers the Company's principal risks and is dependent on a number of factors, including financial performance, continued access to borrowing facilities and the ability to operate the Company's borrowing facilities within its financial covenants. At 31 July 2023 the Company had net current liabilities of £29,199k (2022: £128,387k net current assets), cash and cash equivalents of £30,446k (2022: £33,029k) and net cash of £30,446k (2022: £17,206k net debt). The Company has a £50m committed revolving credit facility ('RCF') with an additional £30m committed accordion, that expires in December 2024 with an option to extend the facility for a further 2 years until December 2026. This facility is only expected to be used to meet short-term working capital fluctuations. As at 31 July 2023 the RCF was fully repaid, as at the date of this report £nil is drawn, following the peak promotional period. The RCF has covenants measuring net leverage and interest cover, which are tested quarterly.

Due to continued Company profitability, the detailed review of the going concern assessment was focused around working capital management, in particular, the liquidity and the net leverage covenant of the Company during the months preceding significant promotions, when the Company builds its inventory holding. For the purpose of the going concern model, the Company's cash flow forecasts includes cash generated by it's wholly owned subsidiary, Gymshark USA Inc, which are assumed to be remitted back to the UK. The review included an assessment of the future funding requirements, based on trading continuing in line with current and future performance expectations and focused on the expected weekly cash flows and quarterly covenant compliance forecasts extending to 31 December 2024. This revised base case modelled adequate headroom on covenants at all testing dates throughout the going concern period along with sufficient levels of cash to fund working capital management.

Consideration has also been given to severe but plausible downside scenarios to determine the impact on profitability and future cash flows. In the 2024 financial year to date, revenue is tracking at c.20% higher than the corresponding period during the year ended 31 July 2023. As part of our considerations we developed multiple downside scenarios whereby future sales are below the projected levels in the base forecast, including there being no increase in revenue in the financial year ended 31 July 2023 compared to the prior year. This scenario modelling also included a reasonable controllable mitigation which involves reducing inventory purchases during the current year to reduce any surplus stock at 31 July 2024 as well as reviewing other costs to ensure the Company remained profitable with positive cash flow

The impact of this scenario on cash flow demonstrated that the business would still have headroom on its covenants at all testing dates and sufficient liquidity to continue building up inventory holdings before the significant promotions.

The directors have also considered the impact of key inventory and non-inventory suppliers on going concern. The business has diverse supplier base by geography and by the number of inventory suppliers, so that there is not an over reliance on a single country or company for inventory. Major suppliers of goods or services not for resale were identified as key but no indications have been identified with respect to these companies ceasing to trade. The company has not been approached by any supplier of goods or services to improve payment terms which would have impacted working capital requirements. Over the next financial year, the supplier base will be diversified further, with new suppliers onboarded in new territories to support the roll out of the sourcing strategy and drive down shipment times / duty rates.

A reverse stress test scenario has also been modelled to assess the level of revenue reduction that would be required to cause a liquidity or covenant issue. The directors also considered what interest rates would give rise to an interest cover issue under the plausible but severe scenarios. The likelihood of these scenarios were then assessed. The directors concluded that the reverse stress test scenarios are remote.

It is acknowledged by the directors that the company will seek further committed funding, as necessary, to fund any additional short-term working capital in advance of entering any obligations to purchase inventory fuelled by increased demand.

Under both the base case and plausible but severe downside scenarios, the directors consider the likelihood of the facility needing to be drawn at the date of its expiry to be remote.

The directors also considered and assessed that there were no significant events forecast immediately beyond 31 December 2024 that would impact the going concern assessment. Therefore, the directors are satisfied that the Company will have sufficient ongoing facilities available throughout the forecast period used to assess the going concern assumption.

Based on their assessment, the directors believe the Company has adequate available resources to fund its operations for the foreseeable future, and not less than 12 months from the date of the signing of these Company financial statements, and so determine that it remains appropriate for the Company financial statements to be prepared on a going concern basis.

1.3 Turnover

Revenue primarily relates to Direct to Consumer internet sales, intercompany sales, in addition to wholesale sales and sales made in the Regent Street store.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recorded net of deductions for returns, discounts and sales taxes and recognised when control of the goods are transferred over to the customer.

The amount of revenue arising from the sale of goods and provision of services has been disclosed in Note 3 to the financial statements.

A gift card liability is the obligation to transfer goods to a customer for which the company has received consideration. If consideration is received before the company transfers goods to the customer, revenue is deferred, and a gift card liability is recognised. Customer deposits and gift cards are recognised as revenue when the customer is passed control of the goods.

The company's policy is to sell products with a right of return within 30 days. The company uses the expected value method to estimate the value of goods that will be returned. A refund liability due to customers is recognised within creditors due within one year.

1.4 Other operating income

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the company, such as management fees, gains/losses from disposals, dividend income, etc.

1.5 Intangible fixed assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Capitalised software development costs include internal payroll-related costs for those directly involved with the project and associated external costs for services and goods. Costs are only capitalised to these projects during the development and testing stages when specific criteria are met including; costs being reliably measured, assessment of technical feasibility, future economic benefit expected from the asset and the ability to use or sell the software.

If there is an indication that there has been a significant change in amortisation rate, useful economic life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software & IT	2-5 years straight line

Assets under construction are carried at cost. Amortisation of these assets commences when they are complete and ready to use.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Furniture, fixtures and equipment	5 - 10 years straight line
Plant and machinery	3 - 10 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Assets under construction are carried at cost. When the asset is complete and ready for use, the asset will be transferred to the appropriate asset class and depreciation will commence on the asset.

1.7 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs. The cash generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis plus the absorbed cost of duty and freight to ship the product to the warehouses.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell, and the impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out right short term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

1.12 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.13 Provisions

Provisions are recognised where the company has a present legal or constructive obligation, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made.

The provision for dilapidations is recognised where there is a present obligation to restore leased premises to their pre-occupancy state at the end of the lease. The provision is calculated for each lease with reference to the size of the lease and using third party information where appropriate. The cost is recognised across the lease term.

1.14 Retirement benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

1.15 Leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.16 Assets held under finance leases

Assets held under finance leases and hire purchase contracts are recognised in the Balance Sheet as assets and liabilities at the lower of the fair value of the assets and present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

1.17 Foreign exchange

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses and presented in the profit and loss account within Administrative expenses.

1.18 Trade and other debtors

Short term debtors are measured at transaction price, less any impairment. Loan receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.19 Trade and other creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.20 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.21 Interest payable

Finance costs are charged to the profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.22 Exceptional items

During the current financial year an exceptional items accounting policy has been created. Exceptional items relate to those material, non-recurring and unusual items that are of significant enough size to present separately on the Statement of Comprehensive Income, whereby the Directors deem separate presentation allows for the Company's financial performance to be fairly analysed. Further information is disclosed on note 5.

1.23 Dividends

Equity dividends are recognised when a legally binding liability is established. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.24 Investment in foreign operations

During the period ended 31 July 2023, a monetary balance of $140 million between Gymshark Limited and Gymshark USA Inc, has been designated as part of Gymshark Limited's net investment in Gymshark USA Inc. This is a monetary item that is a receivable whereby the settlement for the monetary item is neither planned nor likely to occur in the foreseeable future, in substance, this is part of the entity's net investment in that foreign operation. Such monetary items may include long-term receivables or loans.

Exchange differences arising on a monetary item that forms part of the company's net investment in a foreign operation is recognised in the profit or loss in the separate financial statements of the reporting entity.

1.25 Share-based payments

The wider Gymshark Group operates an equity-settled share-based compensation plan, under which the Group receives services from individuals as consideration for E shares of Gymshark Group Limited. Details of the scheme are provided in Note 28.

The fair value of the service received in exchange for the grant of the E shares is recognised as an expense by Gymshark Ltd to the extent that the individuals awarded with shares provide a service to the Company. A credit is recognised directly in equity in Gymshark Group Limited. The total amount to be expensed is determined by reference to the fair value of the awards granted. The total expense is recognised over the service period.

At the end of each reporting period, the plans' leavers are reviewed and following the failure of meeting the service condition, a revision to the income statement charge is made with a corresponding adjustment to intercompany with Gymshark Group Limited.

2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Below are the key sources of estimation uncertainty listed by management:

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock valuation
Stock is carried at the lower of cost or net realisable value. Stock held at the balance sheet date is therefore assessed for impairment. All stock which is considered out of season, succeeded by an updated product or considered to have quality concerns is written down to the lower of cost or net realisable value. Stock items with a cover of more than one year are reviewed for impairment and written down accordingly. The year end stock provision totalled £1.1m (2022: £3.0m).

Refunds provision
Revenue from the sale of goods is recognised when the company delivers a product to the customer. Payment of the transaction is due immediately when the customer purchases the goods, and it is the company's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a refund liability (including in creditors due within one year) is recognised for expected refunds in relation to sales made until the end of the reporting period. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method), and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date and where possible against post period end actual returns. As at year end the refunds provision totalled £2.74m (2022: £1.5m).

Internally generated software intangibles
Management also exercises a level of judgement over the capitalisation of internally generated software assets. Areas of judgement include assessing whether costs incurred meet the criteria for capitalisation and the amount capitalised. As at year end, £3.2m of internally generated software intangibles had been capitalised (2022: £nil).

3 Turnover

	2023	2022
	£'000	£'000
Turnover analysed by class of business		
External D2C sales	288,452	253,893
Wholesale sales	6,154	1,438
Retail sales*	11,119	779
Intercompany sales	98,093	92,944
	403,818	349,054

3 Turnover **(Continued)**

	2023 £'000	2022 £'000
Turnover analysed by geographical market		
United Kingdom	111,727	88,990
Rest of Europe	129,411	111,507
Rest of the World	64,587	55,613
Intercompany sales	98,093	92,944
	403,818	349,054

*For the year ended 31 July 2022, retail revenue represents income from sample sales and pop-up sales / events held. No income had been derived from the flagship retail store. For the year ended 31 July 2023, retail revenue also incorporates income from the flagship retail store.

4 Other Operating Income

	2023 £'000	2022 £'000
Intercompany recharges*	6,608	7,673
Miscellaneous income**	41	111
	6,649	7,784

*Intercompany recharges relate to charges to subsidiaries for back-office services performed by Gymshark Ltd and their employees.

**Includes proceeds from sale of assets, textile recycling income and advertisement revenue.

5 Exceptionals items

The Company's statement of comprehensive income for the year ended 31 July 2023 includes exceptional items following a change in the accounting policy. These costs have been designated as exceptional as the Directors deem separate presentation allows for the Company's financial performance to be fairly analysed:

	2023 £'000	2022 £'000
Restructuring costs*	3,669	2,160
Other costs**	353	130
Strategy consultant costs***	750	-
	4,772	2,290

5 Exceptionals items **(Continued)**

*Restructuring costs includes £3.4m wages and salaries costs, £55k pension costs and £222k social security costs, which predominantly relate to redundancy costs. These costs were designated as exceptional costs following the US office strategic restructure to centralise business functions as described in the Strategic Report and the closure of the Hong Kong and Mauritius sourcing offices. (2022: £2.2m wages and salaries, £0.1m pension and social security costs incurred relating to the UK restructure redundancy costs).

**Other costs include non-payroll costs incurred associated with the US restructure and closure of the Hong Kong and Mauritius sourcing offices. Costs include relocation costs to redeploy individuals to the UK, travelling costs for management to communicate and manage the restructures and office closures, and external legal fees incurred. (2022: non-payroll costs incurred associated with the UK restructure).

***One-off strategy consultant costs paid to assist the development of future strategy, including providing resource to support the building of the business plan.

6 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting):	2023 £'000	2022 £'000
Exchange losses/(gains)	5,117	(13,959)
Research and development costs	2,408	2,132
Depreciation of owned tangible fixed assets	6,916	3,511
Loss on disposal of tangible fixed assets	36	-
Amortisation of intangible assets	440	258
Operating lease charges	3,230	1,671

7 Auditor's remuneration

Fees payable to the company's auditor and associates:	2023 £'000	2022 £'000
For audit services		
Audit of the financial statements of the company	236	220

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the consolidated accounts of the ultimate parent Company.

8 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Administrative Staff	608	747
Retail sales staff	111	-
Management staff	9	11
Total	728	758

8 Employees (Continued)

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	41,104	38,270
Social security costs	3,946	3,882
Pension costs	1,393	1,431
	46,443	43,583

*Wages and salaries include £3.4m (2022: £2.2m) of restructuring costs. In 2023 these have been designated as exceptional costs.

During the year, key management personnel were remunerated a total of £2.6m (2022: £3.4m), of this £0.4m (2022: £0.9m) relates to severance (which is included in exceptional costs on note 5)*. Key management personnel remuneration represents compensation paid to management staff which includes the statutory directors.

9 Directors' remuneration

	2023 £'000	2022 £'000
Director's emoluments	829	300
Company contributions to defined contribution pension schemes	51	14
Compensation for loss of office*	242	-
	1,122	314

*Compensation for loss of office costs are included in £3.4m restructuring costs in wages and salaries in Note 8 and Note 5 as exceptional costs.

The highest paid director received remuneration of £348k (2022: £314k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6k (2022: £13.5k).

During the year retirement benefits were accruing to 4 directors (2022:1) in respect of defined contribution pension schemes.

At the year end, £135k of loans made to directors were outstanding (2022: £40k). The loans are interest free and repayable on demand.

10 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest on bank deposits	133	-
Interest receivable from group companies	8,130	3,765
Other interest income	74	-
	8,337	3,765

11 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest on bank overdrafts and loans	2,579	673
Interest payable to group undertakings	423	317
Bank interest payable	14	2
Other interest	-	100
	3,016	1,092

12 Taxation

	2023 £'000	2022 £'000
Current tax		
UK corporation tax on profits for the current period	21	1,788
Adjustments in respect of prior periods	(2,351)	(77)
Total current tax	(2,330)	1,711
Deferred tax		
Origination and reversal of timing differences	(420)	847
Adjustments in respect of prior periods	1,836	566
Effect of change in tax rate	(41)	257
Total deferred tax	1,375	1,670
Taxation on profit on ordinary activities	(955)	3,381

Factors affecting tax charge for the year

12 Taxation **(Continued)**

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 21.01% (2022 - 19%). The differences are explained below:

	2023	**2022**
	£'000	**£'000**
Profit before taxation	1,835	16,008
Expected tax charge based on the standard rate of corporation tax in the UK of 21.01% (2022: 19.00%)	386	3,042
Tax effect of expenses that are not deductible in determining taxable profit	510	510
Tax effect of income not taxable in determining taxable profit	(1,011)	(687)
Adjustment to current tax charge in respect of prior periods	(2,351)	(77)
Group relief	(130)	(190)
Adjustment to deferred tax charge in respect of prior periods	1,836	566
Employee share acquisition relief	(154)	(40)
Tax rate changes	(41)	257
Taxation (credit)/charge for the year	(955)	3,381

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13 Dividends

	2023	**2022**
	£'000	**£'000**
Final paid	-	10,600

GYMSHARK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

14 Intangible fixed assets

	Software & IT	Asset Under Construction	Total
	£'000	£'000	£'000
Cost			
At 1 August 2022	2,157	-	2,157
Additions - internally developed	2,645	551	3,196
At 31 July 2023	4,802	551	5,353
Amortisation and impairment			
At 1 August 2022	1,477	-	1,477
Amortisation charged for the year	440	-	440
At 31 July 2023	1,917	-	1,917
Carrying amount			
At 31 July 2023	2,885	551	3,436
At 31 July 2022	680	-	680

15 Tangible fixed assets

	Furniture, fixtures and equipment	Assets under construction	Plant and machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2022	27,511	3,901	13,205	44,617
Additions	5,069	-	2,203	7,272
Disposals	-	(36)	-	(36)
Transfers	3,487	(3,865)	378	-
At 31 July 2023	36,067	-	15,786	51,853
Depreciation and impairment				
At 1 August 2022	4,773	-	4,097	8,870
Depreciation charged in the year	5,002	-	1,914	6,916
At 31 July 2023	9,775	-	6,011	15,786
Carrying amount				
At 31 July 2023	26,292	-	9,775	36,067
At 31 July 2022	22,738	3,901	9,108	35,747

15 Tangible fixed assets (Continued)

The Company has leased plant and machinery on terms which are considered to meet the definition of finance leases and are accounted for accordingly. These assets together with those assets subject to hire purchase have a cost of £2.2m (2022: £2.2m) and net book value of £0.5m (2022: £0.6m).

16 Investments - equity

	2023 £'000	2022 £'000
At 1 August 2022	-	-
Additions	22	-
At 31 July 2023	22	-

The addition during the year relates to share capital invested in Gymshark DE GmbH, a holding company which is located in Germany.

17 Subsidiaries

Details of the company's subsidiaries at 31 July 2023 are as follows

Name of undertaking	Registered office	Class of shares held	% Held Direct
Gymshark HK Ltd	Room 2901, 29/F, Manhattan Place, 23 Wang Tai Rd, Kowloon Bay, Hong Kong	Ordinary	100
Gymshark USA Inc	1675 South State St, Suite B, Dover, Delaware, 19901	Ordinary	100
Gymshark DE GmbH	Nonnenbrucke 12, 96047, Bamberg, Germany	Ordinary	100

The cost of shares in group undertakings is £22k (2022: £82).

18 Investments - long term loans

	2023 £'000	2022 £'000
Investment in foreign operations	108,948	-

During the period ended 31 July 2023, a monetary balance of $140 million between Gymshark Limited and Gymshark USA Inc, has been designated as part of Gymshark Limited's net investment in Gymshark USA Inc. Whilst repayable on demand, the directors do not intend to call this loan in the foreseeable future.

The exchange differences that arises on the designated monetary balance is recognised in Administrative expenses within the Statement of Comprehensive Income.

19 Stocks

	2023 £'000	2022 £'000
Finished goods and goods for resale	64,484	81,742

Inventories are stated after provisions for impairment of £1,086k (2022: £2,869k).

20 Debtors

Amounts falling due within one year:	2023 £'000	2022 £'000
Trade debtors	139	864
Corporation tax recoverable	6,164	3,713
Amounts owed by group undertakings	10,378	33,920
Other debtors	2,295	1,969
Prepayments and accrued income	4,389	4,813
	23,365	45,279

Amounts falling due after more than one year:	2023 £'000	2022 £'000
Amounts owed by group undertakings	1,911	66,810
Total debtors	25,276	112,089

Amounts owed by group undertakings attract interest at 3% above the SONIA rate per annum and those amounts falling due within one year are repayable in full on demand.

21 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	4,327	*20,126*
Short term investments	21,596	-
Other cash equivalents	4,523	12,903
	30,446	33,029

22 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	47,623	49,542
Amounts owed to group undertakings	59,659	16,400
Taxation and social security	7,878	5,245
Other creditors	602	1,427
Accruals and deferred income	33,059	21,724
	148,821	94,338

Amounts owed to group undertakings attract interest at 3% above the SONIA rate per annum and are repayable in full on demand.

23 Creditors: amounts falling due after more than one year

	Notes	2023 £'000	2022 £'000
Bank loans and overdrafts	24	-	50,000

24 Loans and overdrafts

	2023 £'000	2022 £'000
Bank loans	-	50,000
Payable after one year	-	50,000

24 Loans and overdrafts (Continued)

As at 31 July 2022, the Group had an undrawn £15m revolving credit facility ('RCF'), with an accordion of £10m, that was subject to 1.5% over LIBOR. This facility expired in December 2022.

A three year, £50m RCF agreement was signed on 22 December 2022 that expires on 22 December 2024, with an option to extend for two one-year periods. The new RCF is subject to interest payable at Margin plus SONIA which is payable every 6 months. During the year, this facility has been drawn fully down, partially repaid before being fully repaid as at year end.

In May 2022, a £30m accordion became a committed facility but remains undrawn at 31 July 2022 and 31 July 2023. This facility is subject to interest payable each quarter at Margin plus SONIA.

25 Deferred taxation

	2023 £'000	2022 £'000
At beginning of year	(2,552)	(882)
Charged to profit or loss	(1,375)	(1,670)
At end of year	(3,927)	(2,552)

The provision for deferred taxation is made up as follows:

Balances:	2023 £'000	2022 £'000
Fixed asset timing differences	(4,271)	(2,662)
Short term timing differences	344	110
	(3,927)	(2,552)

26 Provisions for liabilities

	2023 £'000	2022 £'000
Dilapidation provision		
Current	-	-
Non-current	1,617	687
Legal claims provision		
Current	584	4,135
Non-current	-	635
Total provisions	2,201	5,457
Total current provisions	584	4,135
Total non-current provisions	1,617	1,322

	Dilapidation provision £'000	Legal claims provision £'000	Total provision £'000
At 1 August 2022	687	4,770	5,457
Increase / (decrease) in provision	930	(105)	825
Utilisation	-	(4,081)	(4,081)
At 31 July 2023	1,617	584	2,201

Information about individual provisions and significant estimates

When a known or likely claim is identified, management assesses the likelihood of the claim with our internal advisors and a provision is subsequently recognised where a settlement is probable. The legal provision also takes post period end knowledge and outcomes into consideration. Management expects the current provision to be utilised in August 2023.

The Company is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

27 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Issued and fully paid				
Ordinary shares of £0.01 each	200	200	2	2

28 Share based payments

Over the past two financial years, Gymshark Group Limited has issued 14,520 E shares to various individuals at zero cost. The E shares are growth shares that vest upon an exit event, any proceeds available for distribution or consideration available for allocation shall be applied in a specific order of priority. None of the E shares had vested as at 31 July 2023 (2022: none) however, a total of 7,820 shares have been forfeited with the legal and beneficial interest being held by Gymshark Nominees Limited (2022: 3,575 shares). Of the 7,820 shares held by Gymshark Nominees Limited, 1,050 were issued out to various individuals during the year to 31 July 2023.

The fair value of the 1,050 shares re-issued in the year was determined using probability weighted expected returns model using the following inputs at the grant date:

Risk free rate	0.82%
Equity market risk premium ("EMRP")	5.00%
Conditional equity market risk adjustment ("CEMRA")	2.50%
Asset beta	1.2
Ungeared cost of equity	11.30%
Size premium	1.47%

The fair value of the E shares issued during the year, as at the valuation date, was estimated to be £72.07 per share.

The total credit arising from share-based payment transactions recognised during the period in Gymshark Ltd as part of employee benefit expense was £367k (2022: charge of £467k). The credit in the current financial year has arisen as a consequence of forfeitures. The credit / charge allocated to Gymshark Limited is based on the number of individuals gifted E shares that are employed or consultants of the Company.

29 Profit and loss reserves

This reserve records retained earnings and accumulated losses.

30 *Capital commitments*

The company had capital commitments of £0k (2022: £622k).

31 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,393k (2022: £1,431k).

Contributions totalling £231k (2022: £328k) were payable to the scheme at the end of the year and are included in other creditors.

32 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Land and buildings	**2023 £'000**	**2022 £'000**
Not later than 1 year	2,631	1,734
Later than 1 year and not later than 5 years	11,826	11,614
Later than 5 years	2,478	4,158
	16,935	17,506

Other assets	**2023 £'000**	**2022 £'000**
Not later than 1 year	216	307
Later than 1 year and not later than 5 years	58	224
	274	531

	2023 £'000	**2022 £'000**
Within one year	2,847	2,041
Between two and five years	11,884	11,838
In over five years	2,478	4,158
	17,209	18,037

33 Related party transactions

As a qualifying entity under FRS102 the entity is able to take advantage of the disclosure exemption under the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Purchases from entities controlled by key management personnel

The company paid fees totalling £199k (2022: £177k) to The Members Agency LLP, an entity controlled by members of the company's key management personnel. The Members Agency provides management representation for athletes and influencers.

At the year end there were outstanding balances payable to The Members Agency LLP of £13.3k (2022: £11.1k).

The Directors consider that the transactions with The Members Agency LLP are on an arm's length basis.

34 Events after the reporting date

No events after the reporting date noted.

35 Ultimate controlling party

The company is a wholly owned subsidiary of Gymshark Holdings Limited, a company incorporated in England. The ultimate parent company is Gymshark Group Limited, also incorporated in England, which is under the control of B Francis who is a director and the majority shareholder by means as an individual and via Francis Family Office Limited, of which B Francis is also a director.

Gymshark Group Limited is the smallest and largest group of undertakings that the results of Gymshark Limited are consolidated into as at 31 July 2023.

The address of the registered office of Gymshark Group Limited is GSHQ, Blythe Valley Park, 3 Central Boulevard, Solihull, B90 8AB. Copies of the consolidated accounts for which Gymshark Ltd is a qualifying undertaking can be obtained from the registered office.