

## **2025 Mid-Year Review**

The vacation market, and specifically the self-catering sector, is a highly competitive environment, with the UK market experiencing a continuation of the trend towards imminent departures, more short-breaks, and increased flexibility. The Forge Group performance remains in line with our strategic plan, demonstrating our resilience and adaptability in this dynamic landscape.

The first half of the year has seen progress in executing our strategic vision. By focusing on innovation and operational efficiency, we aim to provide improved offerings and customer experiences, while adapting to changes in the market.

### **Developments in the Period**

During the period, we embarked on a major transformation project aimed at fostering efficiencies and elevating customer experiences. By leveraging AI and advanced technologies, we have introduced process improvements, such as optimising the customer checkout journey. We have empowered our workforce to embrace the power of AI, with 57% of staff now utilising approved applications. This cultural shift underscores our commitment to innovation and operational excellence.

In November 2024, we opened the Forest Holidays Glentress (Scotland) site, a significant milestone that broadens our portfolio. A comprehensive review of our site development proposition in the Specialist Operator division is underway, to evolve and enhance the accommodation offering for future customer needs.

The UK Agency division continues to execute a robust organic property acquisition strategy. This approach strategically targets both individual units and multi-unit sites, aligning with our ambition to grow organically while enhancing the diversity of our offerings. Performance in net organic stock additions has exceeded our expectations, both from an onboarding and a retention perspective.

Following a strategic decision in October 2024, the Board initiated a restructuring of the UKCaravans4Hire division to ensure alignment with the broader Group strategy. The formal consultation process was successfully concluded in November 2024, setting the foundation for improved operational synergy.

During this period, we accelerated the rollout of multi-distribution channels across the Group, including the integration of Forest Holidays onto the Sykes Website and enhanced use of targeted marketing partners. This strategic move enhances accessibility and convenience for our customers, aligning with our vision of seamless service delivery, and diversifies our customer acquisition strategy.

We continued the rollout of the Group accounting system, achieving a significant milestone with the implementation of SAP within the International division. This initiative streamlines our financial processes and control, strengthens our reporting capabilities and ensures we maintain robust operational foundations as we build toward sustained growth.

### **Divisional Performance**

The Agency division has performed well despite the challenges of a highly competitive market. There has been a continuation of the trends towards imminent departures, short breaks and flexibility, with demand remaining strong, reflecting consumer confidence in our offerings. The division has managed to maintain consistently strong occupancy rates and competitive pricing, which has contributed to its overall success. Through diligent cost monitoring and control, the division has successfully maintained operational stability and resilience.

The Specialist Operator division has followed a similar trend to the Agency division, despite navigating adverse storm weather conditions through the winter months. High occupancy levels and a bias towards last-minute bookings have been key contributors to this success. By continuing to focus on cost efficiency and operational excellence, the division has ensured a robust position in a dynamic market.

The Caravans division has achieved significant EBITDA growth year-on-year, driven by a strategic focus on marketing and operational costs. The incorporation of Caravan Parks into our operations has further strengthened our portfolio, allowing us to enhance our value proposition to customers.

The International division (New Zealand) has encountered considerable headwinds, including the effects of a country wide recession and a persistently challenging trading environment. Additional pressures, such as the platform tax, have compounded these difficulties. Nevertheless, initiatives, such as targeted localised managed service hubs has enabled the division to control key costs and drive operational efficiencies, which are critical to navigate through the economic downturn in the region.

## **Outlook**

The outlook for all divisions remains positive. Our Agency division continues to enhance its portfolio by developing a diverse and high-quality selection of stock throughout the UK and Ireland, adapting proactively to market demands while maintaining customer satisfaction.

The Caravans division is leveraging integrated group systems and cost-effective marketing strategies to optimise returns for owners. This approach is expected to drive further efficiencies and improve the division's overall performance.

The Specialist Operator division boasts a healthy and lengthy pipeline of potential development sites, with a strategic focus on locations and developments that maximise returns on investment. We are targeting further system integrations over the remainder of the year to capture multi-channel demand, whilst also reducing operating overheads.

Meanwhile, the International division continues to control its cost base, whilst targeting key holiday destinations for stock growth.