

Group: Overall picture & outlook

Clearly facing challenging times now & into the future - hard to make predictions as storm clouds gather

- Near term disruption - transport strikes, heat/weather etc. - definitely a headwind for business momentum - everyone is seeing that
- Consumers "feeling the pinch" & being careful how they spend constrained disposable income
- Cost inflation is biting on capex & some aspects of opex
- We are very attentive to the needs of our colleagues facing the cost of living crisis

We nevertheless remain well positioned to weather the storm

- No evidence of a "buyers strike" – albeit a degree of consumer caution on memberships
- Reassuring research (internal & 3rd party) suggests consumers continue to attach a high priority to maintaining gym memberships vs other more discretionary spend
- Benefit of a structurally low labour & low operating cost model (no heated swimming pools!)
- Increasing resource & effort dedicated to all areas of cost management
- We enjoy a fair degree of pricing power & a very high level of pricing/revenue control

And are reassured by & remain committed to new site opening & site refurbishment plans

- New sites continue to perform very well due to format flexibility, site selection & tailored management
- Volume of refurbishments are increasing & capital is delivering a modest but positive rate of return

