14 May 2019

On the Beach Group plc
("On the Beach", the "Company" or the "Group")

INTERIM RESULTS FOR SIX MONTHS ENDED 31 MARCH 2019

14% GROWTH IN GROUP ADJUSTED PBT [(1)]

Financial & Operational Highlights

Group

	6 months to 31 March 2019	***Restated**** **6 months to 31 March 2018**	**Change**
Group revenue	£63.5m	£45.1m	41%
Group gross profit	£47.5m	£45.1m	5%
Group profit before tax	£11.9m	£10.6m	12%
Group adjusted profit before tax[(1)]	£15.7m	£13.8m	14%
Basic and diluted earnings per share	7.3p	6.3p	16%
Adjusted earnings per share [(2)]	9.6p	8.3p	16%
Total dividend payable per share	1.3p	1.1p	18%

**Restated for adoption of IFRS 15. Refer to note 2.*

Overview

- Group revenue increased 41% to £63.5m (H1 2018: £45.1m)
- Group gross profit increased 5% to £47.5m (H1 2018: £45.1m)
- Group adjusted profit before tax[(1)] up 14% to £15.7m (H1 2018: £13.8m)
- Net debt excluding monies held in Trust at 31 March 2019 of £1.3m (H1 2018: £11.7m debt) reflecting normal seasonal working capital requirements
- Interim dividend declared of 1.3p per share, an 18% increase (H1 2018: 1.1p)

OTB (onthebeach.co.uk and sunshine.co.uk)

- Revenue up 1% to £44.6m (H1 2018: £44.2m)
- Revenue after marketing costs up 12% to £25.6m (H1 2018: £22.8m)
- Adjusted EBITDA[(3)] up 10% to £18.4m (H1 2018: £16.8m)
- Branded and free traffic increased to 68% of overall traffic (H1 2018: 62%)
- Percentage of revenue spent on marketing decreased to 43% (H1 2018: 48%)

International

- International revenue decreased by 56% to £0.4m (H1 2018: £0.9m). Revenue was heavily impacted by the failure of Primera in early October 2018. This was offset by a 75% reduction in marketing spend
- International EBITDA loss of £(0.2)m (H1 2018: £(1.6)m)

Classic Collection Holidays ("CCH")

- The Group acquired CCH on 15 August 2018 for a net consideration of £20.0m
- As it is a principal rather than an agent, CCH records revenue over the period of a customer's holiday
- Revenue in the period was £18.5m (pro-forma H1 2018: (£20.1m)*, and EBITDA £(0.1)m (pro-forma H1 2018: (£0.2m)*)
  *restated for IFRS 15

Classic Package Holidays ("CPH")

- Launched the online agent-only booking portal in March 2019, incurring start-up costs of £0.5m in H1 2019

(1) Group adjusted profit before tax is profit before tax, amortisation of acquired intangibles of £2.8m (2018: £2.2m), share based payments £0.5m (2018: £0.7m) and exceptional operating costs of £0.5m (2018: £0.3m)
(2) Adjusted earnings per share is Group adjusted profit after tax divided by the average number of shares in issue during the period
(3) Adjusted EBITDA excludes exceptional operating costs and share based payments. See note 4 and 6c for the reconciliation to the nearest GAAP measure
A full explanation of all adjusted performance measures is included in the 2018 Financial Statements

Simon Cooper, Chief Executive of On the Beach Group plc, commented:

"On the Beach has delivered a solid performance in H1, despite continuing uncertainties around Brexit, with modest booking and revenue growth supported by the ongoing benefits of improved marketing efficiency which resulted in a growth in adjusted PBT of 14%.

This performance has been delivered against a soft background market, particularly in the important first calendar quarter, when uncertainties regarding Brexit impacted consumer appetite for booking holidays. Independent market data shows that a significant proportion of consumers deferred their holiday purchase in the run up to the 29 March deadline and our understanding is that the background market has been trading down 10% YoY in 2019.

There were a number of exciting operational developments in the first half including the launch of Classic Package Holidays, providing a platform for travel agencies to book mainstream beach holidays; the integration of both Emirates and British Airways onto our platform to expand our long haul offering; and we completed our move to the Group's new Digital HQ in Manchester together with the expansion of our Operational HQ in Cheadle.

Looking forward, we continue to remain cautious of the consumer environment until a Brexit resolution is found, but the resilient and flexible nature of our business model allows us to focus on profitable growth and gives us confidence in the Group's outlook. We will continue to evaluate opportunities to enhance our market share position."

Analyst Meeting

A meeting for analysts will be held today at the offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD commencing at 09:30am.

For further information:

On the Beach Group plc Simon Cooper, Chief Executive Officer Paul Meehan, Chief Financial Officer	**via FTI Consulting**
FTI Consulting Jonathon Brill Alex Beagley Fiona Walker Laura Saraby	**Tel: +44 (0)20 3727 1000**

About On the Beach

With over 20% share of online sales in the short haul beach holiday market, we are one of the UK's largest online beach holiday retailers. We have significant opportunities for growth and a long-term mission to become Europe's leading online retailer of beach holidays. By using our innovative technology, low-cost base and strong customer-value proposition to provide a structural challenge to legacy tour operators and online travel agents, we continue our journey to disrupt the online retail of beach holidays. Our model is customer-centric, asset light, profitable and cash generative.

Cautionary statement

This announcement may contain certain forward-looking statements with respect to the financial condition, results, operations and businesses of the Company. Forward looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'will', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates'. These forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements, including factors outside the Company's control. The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and will not be updated during the year. Nothing in this announcement should be construed as a profit forecast.

This statement together with the interim financial statements and investor presentation is available on **www.onthebeachgroupplc.com**.

Chief Executive's Review

Summary of Operating Performance

On the Beach continues to be a dynamic, entrepreneurial and ambitious business delivering value for money beach holidays that are personalised to our customers' individual needs. The Group maintains a daily focus to improve the quality of its customer proposition and the value that it provides to its growing customer base.

In spite of the challenging external environment, OTB has continued to grow market share in H1, despite modest booking growth in a market that we believe is down c.10% in 2019. We have continued to invest in both online and offline marketing activity and this has led to record levels of brand awareness and branded traffic. Marketing expenditure as a percentage of revenue was 43% (H1 2018: 48%), delivering a revenue after marketing costs increase of 12% to £25.6m (H1 2018: £22.8m). Our continued growth rates have been delivered by executing a focused strategy to optimise our customer proposition to increase conversion rates and improve margin while driving an efficient increase in our traffic share, further enhancing our ability to gain market share from traditional tour operators.

Strategy and growth

The Group has a mission to make it simple for customers to plan, find, book and enjoy their perfect beach holiday and a vision to be Europe's leading online retailer of beach holidays.

On the Beach Group has delivered significant growth within a growing market over the last three years by evolving a strategy based around the following drivers:

1. **Out-innovating through agility and investment in talent and technology**

   - Continuing to invest in our people and our platform to allow us to innovate at an increasing pace and, in doing so, stay ahead of the competition
   - Reinforce company-wide values based on innovation, simplicity, communication, respect and great customer experience
   - Use our new Digital HQ in central Manchester and our newly refurbished Operational HQ in Cheadle to ensure we are well placed to attract and retain the best talent

2. **Driving an efficient increase in traffic through branded and direct channels**

   - Investing in an efficient multi-channel approach supported by our sophisticated bid management capability
   - Increasing investment offline in conjunction with econometric modelling capability to strengthen brand awareness and to ensure marketing investment is efficient
   - Seeking further value-enhancing M&A opportunities

3. **Personalising our customer proposition**

   - Driving an increasingly simplified customer experience across multiple devices by continually split-testing changes to the website versus a control to increase conversion
   - Encouraging login and showing the most relevant product to all site visitors on all devices at the earliest possible opportunity
   - Enhancing personalisation by supplementing capabilities with data science and machine learning
   - Building a multifunctional app to engage directly with users and provide a higher standard of service in an efficient manner

4. **Leveraging increased revenue through direct and differentiated supply**

   - Building a programme of direct and differentiated supply to leverage margin and gain market share
   - Building our in-house capability to increase visibility of differentiated product
   - Differentiating an exclusive product offering through innovative and attractive customer and supplier payment terms

5. **Expanding our model into new search technologies, source markets, destinations, channels and products**

   - Further develop online functionality to inspire customers who are destination agnostic
   - Leveraging our core capabilities to expand internationally
   - Continue to expand our long haul offering through further direct airline integrations
   - Increase distribution of our online portal that allows third party agencies to offer our product to the five million holidaymakers booking through offline channels

- Expanding our product offering to include a wider range of hotel and villa product

We have continued to invest in our people and our platform which allows us to innovate at an increasing pace and, in doing so, stay ahead of the competition. To support our continued desire to attract the best digital talent, we completed the move to the Group's new Digital HQ in Manchester city centre together with the expansion of our Operational HQ in Cheadle. These facilities will enable us to further increase our investment in talent and technology across the Group.

Recent market trends

As is well documented, the market in H1 was adversely affected by ongoing uncertainty regarding Brexit, leading to a softer market, particularly in the last 8 weeks of H1. Our understanding is that the background market is trading c.(10%) YoY in 2019, with independent market data showing a significant proportion of holidaymakers deferring their holiday purchase in the face of ongoing Brexit uncertainty.

Marketing

We have continued to invest in both online and offline marketing activity to build trading momentum and this has also led to record levels of brand awareness and branded traffic.

Board Changes

As announced on 26 March 2019, Richard Pennycook has been appointed as Non-Executive Chair of the Board with effect from 1 April 2019. Richard's extensive experience in both private and public retail and consumer businesses will be invaluable, particularly his work with fast-growing online businesses.

Current Trading & Outlook

We are efficiently executing our strategy of investing in our people, brand, supply and technology and we continue to realise the benefits of operational leverage from our low fixed cost base.

We continue to remain cautious of the consumer environment until a Brexit resolution is found, but the resilient and flexible nature of our business model allows us to focus on profitable growth and gives us confidence in the Group's outlook. We will continue to evaluate opportunities to enhance our market share position.

Financial Review

The Group organises its operations into four principal financial reporting segments, being OTB (onthebeach.co.uk and sunshine.co.uk), International (ebeach.se, ebeach.no and ebeach.dk), CCH (Classic Collection Holidays) and CPH (Classic Package Holidays).

OTB Segment performance

£m	**H1 2019**	**H1 2018**	**Change %**
Revenue	44.6	44.2	1%
Online Marketing costs	(14.9)	(18.0)	
Offline Marketing costs	(4.1)	(3.4)	
Revenue after marketing costs	25.6	22.8	12%
Variable costs	(2.7)	(2.4)	
Fixed costs	(4.5)	(3.6)	
Adjusted EBITDA (3)	18.4	16.8	10%
Adjusted EBITDA % revenue	41%	38%	

OTB segment revenue and marketing costs

Revenue increased by 1% to £44.6m (H1 2018: £44.2m) with On the Beach's agile business model allowing the Group to react to rapid changes in consumer demand.

Marketing expenses (excluding offline) for the first half as a percentage of revenue were 33% (H1 2018: 41%) with total expenditure of £14.9m (H1 2018: £18.0m) reflecting a continued increase in the share of branded, direct and organic traffic. We have increased expenditure in H1 on the Group's offline TV advertising to £4.1m (H1 2018: £3.4m) with a fully national campaign.

OTB segment EBITDA

Whilst we continue to grow revenue and increase the efficiency of marketing spend, the Group continues to invest in the business for the long term. This includes opening a new Digital HQ to support growth in talent, costs related to the implementation of the Package Travel Regulations and further IT investment. As a result overheads have increased as a proportion of H1 revenue to 16%:

	H1 2019	H1 2018
Variable costs % revenue	6%	6%
Fixed costs % revenue	10%	8%
Total	16%	14%

Adjusted EBITDA (3) increased 10% to £18.4m (H1 2018: £16.8m) and as a percentage of revenue was 41% (H1 2018: 38%).

International Segment performance

£m	H1 2019	H1 2018	Change %
Revenue	0.4	0.9	(56%)
Revenue after marketing costs	-	(1.2)	
Variable costs	(0.1)	(0.2)	
Fixed costs	(0.1)	(0.2)	
International EBITDA	(0.2)	(1.6)	

In our International business, trading in Sweden was adversely affected by the failure of Primera in early October 2018, however marketing investment has been relatively low YoY, with high share of branded traffic and repeat purchase underpinning a breakeven "revenue after marketing costs" performance and a reduction in EBITDA loss to £(0.2)m (H1 2018: £(1.6m)). International booking volumes have been recovering across the course of the period with growth expected in H2.

CCH segment performance

£m	H1 2019
Revenue	18.5
Gross Profit	2.5
Gross Profit after marketing costs	2.0
Variable costs	(0.6)
Fixed costs	(1.5)
EBITDA	(0.1)

As it is a principal rather than an agent, CCH records revenue over the period of a customer's holiday. Revenue in the period was £18.5m (pro-forma H1 2018 (£20.1m)*, reflecting the softness in the background market relating to Brexit uncertainty. EBITDA loss of £(0.1m) (pro-forma H1 2018: £(0.2m)*).
**restated for IFRS 15*

Finance costs

The Group has in place a revolving credit facility of up to £28.5m with Lloyds. The drawdown at 31 March 2019 was £9.5m (H1 2018: £23.5m) and the peak drawdown for the period was £9.5m. Borrowing limits vary under the RCF to reflect the seasonal requirements of the Group and as a result of the flexible payment options given to customers.

Share based payments

The Group has an LTIP scheme in place which vests based on performance criteria. In accordance with IFRS 2, the group has recognised a non-cash charge of £0.5m (H1 2018: £0.7m).

Taxation

The Group tax charge of £2.3m represents an effective rate of 19% (H1 2018: 22%) which was consistent with the average standard UK rate of 19% (H1 2018: 19%).

Cash flow

£m	H1 2019	H1 2018	FY18
Profit before tax	**11.9**	**10.6**	**26.1**
Depreciation and amortisation	4.7	3.7	7.7
Net finance (income) / costs	(0.1)	(0.1)	0.1
Share based payments	0.5	0.7	1.4
Movement in working capital	(57.2)	(48.4)	(1.9)
Corporation Tax	(0.2)	(3.3)	(7.1)
Operating cash flow	**(40.4)**	**(36.8)**	**26.3**
Exceptional operating costs	0.5	0.3	1.5
Capitalised development expenditure	(2.3)	(1.7)	(3.8)
Capital expenditure (4)	(3.4)	(0.8)	(2.2)
Adjusted operating cash flow (5)	**(45.6)**	**(39.0)**	**21.8**

(1) Group adjusted profit before tax is profit before tax, amortisation of acquired intangibles of £2.8m (2018: £2.2m), share based payments £0.5m (2018: £0.7m) and exceptional operating costs of £0.5m (2018: £0.3m)
(2) Adjusted earnings per share is Group adjusted profit after tax divided by the average number of shares in issue during the period
(3) Adjusted EBITDA excludes exceptional operating costs and share based payments. See note 4 and 6c for the reconciliation to the nearest GAAP measure
A full explanation of all adjusted performance measures is included in the 2018 Financial Statements
(4) Excludes proceeds of £0.3m from the sale of a property during the period
(5) Adjusted operating cash flow is stated as net cash (outflow)/inflow from operating activities before exceptional operating costs, deal costs and after deducting capital expenditure on PPE and intangible assets.

On an annual basis the Group operates a highly cash generative business model and makes no stock commitment. The cash flow profile of the Group is seasonal with approximately 50% of customers travelling in the period June to August and hence the cash flows (excluding any cash held in the Trust) experience a trough prior to June and a peak following this. The movement in the Trust account balance for the half year is £18.5m (H1 2018: £19.9m).

Dividend

The Board has declared an interim dividend of 1.3p per share (H1 2018: 1.1p). The interim dividend will be paid on 28 June 2019 to members on the register at the close of business on 31 May 2019.

Simon Cooper	**Paul Meehan**
CEO	**CFO**
14 May 2019	14 May 2019

On the Beach Group plc

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 31 March 2019

	Note	**6 months ended 31 March 2019**	Restated (note 2) **6 months ended 31 March 2018**	Restated (note 2) **Year ended 30 September 2018**
		£m unaudited	**£m** unaudited	**£m** audited
Revenue	3,4	63.5	45.1	104.3
Cost of sales		(16.0)	-	(11.7)
Gross profit		**47.5**	**45.1**	**92.6**
Operating expenses	6	(35.7)	(34.6)	(66.4)
Group operating profit		**11.8**	**10.5**	**26.2**
Finance costs		(0.1)	(0.1)	(0.3)
Finance income		0.2	0.2	0.2
Net finance costs/(income)		0.1	0.1	(0.1)
Profit before taxation		**11.9**	**10.6**	**26.1**
Taxation	7	(2.3)	(2.3)	(4.6)
Profit for the period		**9.6**	**8.3**	**21.5**
Other comprehensive income - net loss on cash flow hedges		(0.3)	-	-
Total comprehensive income for the period		**9.3**	**8.3**	**21.5**
Attributable to:				
Equity holders of the parent		**9.3**	**8.3**	**21.5**
Basic and diluted earnings per share attributable to the equity Shareholders of the Company:				
Basic and diluted earnings per share	8	7.3p	6.3p	16.5p
Adjusted earnings per share *****	8	9.6p	8.3p	21.2p
Adjusted profit measure				
Adjusted PBT (before amortisation of acquired intangibles, share based payments and exceptional operating costs) *****	6	15.7	13.8	33.6

* This is a non GAAP measure, refer to note 6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

			Restated (note 2)	Restated (note 2)
		At 31 March 2019	**At 31 March 2018**	**At 30 September 2018**
		£m	**£m**	**£m**
		unaudited	unaudited	audited
Assets	**Note**			
Non-current assets				
Intangible assets	9	86.3	70.8	88.2
Property, plant and equipment	10	7.6	2.0	4.5
Investment property		0.8	-	0.8
Total non-current assets		**94.7**	**72.8**	**93.5**
Current assets				
Trade and other receivables	11	189.3	156.3	71.5
Assets held for sale		0.2	-	0.5
Derivative financial instruments		-	-	0.1
Cash at bank		8.2	11.8	47.3
Trust account	13	56.9	58.4	38.4
Corporation tax receivable		-	-	0.7
Total current assets		254.7	226.5	158.5
Total assets		**349.4**	**299.3**	**252.0**
Equity				
Share capital		1.3	1.3	1.3
Retained earnings		252.5	233.1	245.3
Capital contribution reserve		0.5	0.5	0.5
Merger reserve		(129.5)	(132.1)	(129.5)
Total equity		**124.8**	**102.8**	**117.6**
Non-current liabilities				
Deferred tax		6.6	6.1	7.2
Total non-current liabilities		**6.6**	**6.1**	**7.2**
Current liabilities				
Corporation tax payable		1.9	1.7	-
Trade and other payables	12	202.6	164.3	127.2
Loans and overdrafts	14	9.5	23.5	-
Derivative financial instruments	14	4.0	0.9	-
Total current liabilities		**218.0**	**190.4**	**127.2**
Total liabilities		224.6	196.5	134.4
Total equity and liabilities		**349.4**	**299.3**	**252.0**

CONSOLIDATED STATEMENT OF CASHFLOWS

For the 6 months ended 31 March 2019

	6 months ended 31 March 2019	6 months ended 31 March 2018	Year ended 30 September 2018
	unaudited	unaudited	audited
	£m	£m	£m
Profit before taxation	**11.9**	**10.6**	**26.1**
Adjustments for:			
Depreciation	0.5	0.3	0.5
Amortisation of intangible assets	4.2	3.4	7.2
Finance costs	0.1	0.1	0.3
Finance income	(0.2)	(0.2)	(0.2)
Share based payments	0.5	0.7	1.4
	17.0	**14.9**	**35.3**
Changes in working capital:			
(Increase) in trade and other receivables	(115.2)	(100.2)	(7.8)
Increase in trade and other payables	76.5	71.7	6.1
(Increase) in trust account	(18.5)	(19.9)	(0.2)
Changes in working capital	**(57.2)**	**(48.4)**	**(1.9)**
Cash flows from operating activities			
Cash generated from operating activities	**(40.2)**	**(33.5)**	**33.4**
Tax paid	(0.2)	(3.3)	(7.1)
Net cashflow from operating activities	**(40.4)**	**(36.8)**	**26.3**
Cash flows from investing activities			
Purchase of property, plant and equipment	(3.4)	(0.8)	(2.2)
Purchase of intangible assets	(2.3)	(1.7)	(3.8)
Sale of assets	0.3	-	-
Interest received	0.2	0.2	0.2
Contingent consideration	-	-	(3.0)
Acquisition of subsidiary, net of cash acquired	-	(3.0)	1.0
Net cash outflow from investing activities	**(5.2)**	**(5.3)**	**(7.8)**
Cash flows from financing activities			
Proceeds from borrowings	9.5	23.5	-
Equity dividends paid	(2.9)	(2.5)	(4.0)
Interest paid	(0.1)	(0.1)	(0.2)
Net cash in/(outflow) from financing activities	**6.5**	**20.9**	**(4.2)**
Net (decrease)/increase in cash at bank	(39.1)	(21.2)	14.3
Cash at bank at beginning of period	47.3	33.0	33.0
Cash at bank at end of the period	**8.2**	**11.8**	**47.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 31 March 2019

For the year ended 30 September 2018	**Share capital £m**	**Merger reserve £m**	**Capital contribution reserve £m**	**Retained earnings £m**	**Total £m**
Balance at 30 September 2017 restated (note 2)	1.3	(132.1)	0.5	226.6	96.3
Shares issued during the year	-	2.6	-	-	2.6
Share based payment charges	-	-	-	1.2	1.2
Dividends paid during the year	-	-	-	(4.0)	(4.0)
Total comprehensive income for the year	-	-	-	21.5	21.5
Balance at 30 September 2018	**1.3**	**(129.5)**	**0.5**	**245.3**	**117.6**

For the 6 months ended 31 March 2018	**Share capital £m**	**Merger reserve £m**	**Capital contribution reserve £m**	**Retained earnings £m**	**Total £m**
Balance at 30 September 2017 restated (note 2)	1.3	(132.1)	0.5	226.6	96.3
Share based payment charges	-	-	-	0.7	0.7
Dividends paid during the period	-	-	-	(2.5)	(2.5)
Total comprehensive income for the period	-	-	-	8.3	8.3
Balance at 31 March 2018 (unaudited)	**1.3**	**(132.1)**	**0.5**	**233.1**	**102.8**

For the 6 months ended 31 March 2019	**Share capital £m**	**Merger reserve £m**	**Capital contribution reserve £m**	**Retained earnings £m**	**Total £m**
Balance at 30 September 2018	1.3	(129.5)	0.5	245.3	117.6
Share based payment charges	-	-	-	0.5	0.5
Dividends paid during the period	-	-	-	(2.9)	(2.9)
Tax on share options	-	-	-	0.2	0.2
Total comprehensive income for the period	-	-	-	9.3	9.3
Balance at 31 March 2019 (unaudited)	**1.3**	**(129.5)**	**0.5**	**252.4**	**124.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 31 March 2019

1) Accounting policies

1.1 General Information

The interim condensed consolidated financial statements of On the Beach Group plc and its subsidiaries (collectively, the Group) for the six months ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 14 May 2019.

On the Beach Group plc (the Company) is a public limited company, incorporated and domiciled in the United Kingdom, whose shares are listed on the London Stock Exchange. The registered office is located at Aeroworks, 5 Adair Street, Manchester, M1 2NQ.

1.2 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 March 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not constitute statutory financial statements as defined in section 435 of the Companies Act 2006 and therefore do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 September 2018, which have been prepared under IFRS as endorsed by the EU.

The financial information for the preceding year is based on the statutory financial statements for the year ended 30 September 2018. These financial statements, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. These financial statements did not require a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

1.3 Accounting policies

Except where noted below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2018.

1.4 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2018, except for the adoption of new standards effective as of 1 October 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed in note 2 for IFRS 15, there are no adjustments upon adoption of IFRS 9. IFRS 9 replaces current guidance provided by IAS 39 on classification and measurement of financial assets and liabilities. In addition, IFRS 9 includes new requirements for general hedge accounting and impairment of financial assets. Under IFRS 9, all recognised financial assets within scope are required to be subsequently measured at amortised cost or fair value. The classification of each financial asset is based on whether the business model of the Group is to hold assets to collect contractual cash flows or to benefit from changes in the fair value of assets. The Group financial statements have not been impacted by this change.

Finally, under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. This new guidance is aligned with the Group's current hedging policy and therefore does not result in any material changes. Overall, there is no impact on the Group's net assets or profit for the period on transition to IFRS 9.

1.5 Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The principal risks and uncertainties are summarised in three categories: operational risk (consumer confidence, supply chain, reputation, competition, technology and people); financial risk (foreign exchange, working capital, tax); and legal risk (litigation and regulatory).

The directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 30 September 2018. These risks and how the Company seeks to mitigate these risks are set out on pages 23 to 32 of the 2018 Annual Report and Accounts which can be found at www.onthebeachgroupplc.com.

1.6 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of these interim financial statements.

The Group's current revolving credit facility expires in December 2019. The Group expects to renew this facility by the end of May 2019, which is consistent with the previous renewal patterns and a letter of intent has been received from the Lenders.

1.7 Accounting estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2018.

Upon the adoption of IFRS 15, the Directors have made key judgements on the agent vs principal status of each segment as well as the number of performance obligations in each.

<u>Performance obligations</u>

Revenue in the OTB, International and CPH segments is recognised based on there being a single performance obligation at the point of booking. This is to arrange and facilitate the customer entering into individual contracts with principal suppliers providing holiday related services including flights, hotels and transfers.

The Group has concluded that under IFRS 15 for revenue in the CCH segment, a package holiday constitutes the delivery of one distinct performance obligation which includes flights, accommodation, transfers and other holiday-related services. In formulating this conclusion, management has assessed that it provides a significant integration service to collate all of the elements within a customer's specification to produce one integrated package holiday. Whilst this is consistent with the treatment under IAS 18, management has further analysed the recognition profile and concluded that under IFRS 15, revenue and corresponding cost of sales should be recognised over the period a customer is on holiday rather than on date of departure as previously reported under IAS 18.

<u>Agent vs Principal</u>

Following review and consideration of the agent v principal guidance within IFRS 15 management have concluded that revenue in the OTB, International and CPH segments will continue to be treated as an agent on the basis that the performance obligation is to arrange for another entity to provide the goods or services. This assessment has given consideration that there is no inventory risk and limited discretion in establishing prices. Revenue in the CCH segment will continue to be treated as a principal on the basis that CCH have the primary responsibility for fulfilling the package holiday for the customer.

1.8 New standards, amendments and interpretations

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. The Group is currently assessing the effect of these standards on the financial statements.

IFRS 16, "Leases" provides guidance on the classification, recognition and measurement of leases to help provide useful information to the users of financial statements. The main aim of this standard is to ensure material leases will be reflected on the balance sheet.

The new standard will replace IAS 17 "Leases" and is effective for annual periods beginning on or after 1 January 2019 unless adopted early. The Group's property lease commitments will be brought onto the consolidated statement of financial position using the prospective method, as a liability with a corresponding asset. Total costs incurred remain unchanged over the life of the lease but the timing of when those costs are recognised within the consolidated income statement will be impacted. Based on analysis of property lease commitments held by the group at 30 September 2018, and using an estimated discount rates, the net impact on profit is not expected to be material. There is no impact on the Group's cash flows.

2) Change in accounting policies

i) Revenue

IFRS 15 supersedes IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 using the full retrospective method of adoption.

The impact on the statement of financial position as at 31 March 2018 and 30 September 2018 is as follows:

	At 31 March 2018			At 30 September 2018			
	Original	*Admin fee adjustment note a)*	**Restated**	**Original**	*Admin fee adjustment note a)*	*Timing adjustment note b)*	**Restated**
	£m	***£m***	**£m**	**£m**	***£m***	***£m***	**£m**
	unaudited		unaudited	audited			audited
Assets							
Non-current assets							
Intangible assets	70.8		70.8	88.1		0.1	88.2
Property, plant and equipment	2.0		2.0	4.5			4.5
Investment property	-		-	0.8			0.8
Total non-current assets	72.8	-	72.8	93.4	-	0.1	93.5
Current assets							
Trade and other receivables	156.8	(0.5)	156.3	71.1	(0.3)	0.7	71.5
Assets held for sale	-		-	0.5			0.5
Derivative financial instruments	-		-	0.1			0.1
Cash at bank	11.8		11.8	47.3			47.3
Trust account	58.4		58.4	38.4			38.4
Corporation tax receivable	-		-	0.7			0.7
Total current assets	227.0	(0.5)	226.5	158.1	(0.3)	0.7	158.5
Total assets	**299.8**	**(0.5)**	**299.3**	**251.5**	**(0.3)**	**0.8**	**252.0**
Equity							
Share capital	1.3		1.3	1.3			1.3
Retained earnings	233.6	(0.5)	233.1	245.6	(0.3)		245.3
Capital contribution reserve	0.5		0.5	0.5			0.5
Merger reserve	(132.1)		(132.1)	(129.5)			(129.5)
Total equity	**103.3**	**(0.5)**	**102.8**	**117.9**	**(0.3)**	**-**	**117.6**
Non-current liabilities							
Deferred tax	6.1		6.1	7.2			7.2
Total non-current liabilities	**6.1**	**-**	**6.1**	**7.2**	**-**	**-**	**7.2**
Current liabilities							
Corporation tax payable	1.7		1.7				-
Trade and other payables	164.3		164.3	126.4		0.8	127.2
Loans and overdrafts	23.5		23.5	-			-
Derivative financial instruments	0.9		0.9	-			-
Total current liabilities	**190.4**	**-**	**190.4**	**126.4**	**-**	**0.8**	**127.2**
Total liabilities	196.5		196.5	133.6		0.8	134.4
Total equity and liabilities	**299.8**	**(0.5)**	**299.3**	**251.5**	**(0.3)**	**0.8**	**252.0**

	Period ended 31 March 2018			Year ended 30 September 2018			
	Original	*Admin fee adjustment a)*	**Restated**	**Original**	*Admin fee adjustment a)*	*Timing adjustment b)*	**Restated**
	£m	***£m***	**£m**	**£m**	***£m***	***£m***	**£m**
	unaudited		unaudited	audited			audited
Revenue	45.3	*(0.2)*	45.1	104.1		*0.2*	104.3
Cost of sales	-		-	(11.5)		*(0.2)*	(11.7)
Gross profit	45.3	*(0.2)*	45.1	92.6	-	-	92.6
Operating expenses	(34.6)		(34.6)	(66.4)			(66.4)
Finance costs	(0.1)		(0.1)	(0.3)			(0.3)
Finance income	0.2		0.2	0.2			0.2
Taxation	(2.3)		(2.3)	(4.6)			(4.6)
Profit for the period	8.5	*(0.2)*	8.3	21.5	-	-	21.5
Other comprehensive income - net loss on cash flow hedges	-		-	-			-
Total comprehensive income for the period	8.5	*(0.2)*	8.3	21.5	-	-	21.5

There is no material impact on the statement of cash flows. The impact on basic and diluted EPS is, as follows:
Basic - profit for the period attributable to ordinary equity holders of the parent (£0.02)
Diluted - profit for the period attributable to ordinary equity holders of the parent (£0.02)

a) Administration fees

Certain administration fees that were previously recognised at the time of booking are now recognised when payment has been received and the service has been provided.

The statement of financial position as at 31 March 2018 was restated resulting in the reversal of administration fee debtors of £0.5m and decreases in brought forward retained earnings of £0.3m.

The income statement for the 6 months ending 31 March 2018 was also restated, resulting in a decrease in revenue and profit of £0.2m.

b) Timing of recognition

For bookings sold as a principal, the Group has the responsibility to provide all the elements that make up the package.

The Group therefore believe that the provision of the complete package is one performance obligation and that revenue should be recognised over the duration of the customer's holiday. Prior to the adoption of IFRS 15, the Group recognised revenue from sales as principal upon the departure date of the booking.

For bookings sold as agent, the Group has the obligation to arrange the individual elements on behalf of the customer in return for a service fee and commission. Revenue is recognised once the booking confirmation has been sent to the customer.

The statement of financial position as at 30 September 2018 was restated resulting in £0.7m increase in trade debtors and a £0.8m increase in trade creditors. The acquisition balance of Classic Collection Holidays has been restated resulting in a £0.1m increase to goodwill (see note 5).

The income statement for the year ended 30 September 2018 was restated, resulting in a £0.2m increase in sales and a £0.2m increase in cost of sales.

ii) Cash balances

The directors have reconsidered the classification of the Trust account. At 31 March 2019 the Trust account has been presented separately to cash and cash equivalents on the balance sheet (rather than as part of a disclosure note, as in previous periods). The directors consider this classification better reflects the restrictions in place. The 31 March 2018 and 30 September 2018 balance sheets have been re-presented accordingly.

3) Revenue

As required by IFRS15, the Group has disaggregated its revenue, and the table below shows the split of revenue between the Group's segments and the source of revenue:

	For the 6 months ended 31 March 2019				
	OTB	**Int'l**	**CCH**	**CPH**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Sales as agent					
Commission	30.7	0.4	-	-	31.1
Service fees	13.9	-	-	-	13.9
Total sales as agent	**44.6**	**0.4**	**-**	**-**	**45.0**
Sales as principal					
Sale of holidays	-	-	18.5	-	18.5
Total sales as principal	**-**	**-**	**18.5**	**-**	**18.5**
Total Revenue	**44.6**	**0.4**	**18.5**	**-**	**63.5**

	Restated (note 2) **For 6 months ended 31 March 2018**				
	OTB	**Int'l**	**CCH**	**CPH**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Sales as agent					
Commission	29.2	0.4	-	-	29.6
Service fees	15.0	0.5	-	-	15.5
Total sales as agent	**44.2**	**0.9**	**-**	**-**	**45.1**
Total Revenue	**44.2**	**0.9**	**-**	**-**	**45.1**

	Restated (note 2) **For the year ended 30 September 2018**				
	OTB	**Int'l**	**CCH**	**CPH**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Sales as agent					
Commission	61.0	0.8	-	-	61.8
Service fees	28.3	0.8	-	-	29.1
Total sales as agent	**89.3**	**1.6**	**-**	**-**	**90.9**
Sales as principal					
Sale of holidays	-	-	13.4	-	13.4
Total sales as principal	**-**	**-**	**13.4**	**-**	**13.4**
Total Revenue	**89.3**	**1.6**	**13.4**	**-**	**104.3**

4) Segmental report

Management consider the reportable segments to be “OTB”, “International”, "CCH" and "CPH". Segment revenue, operating profit, assets and liabilities from "OTB" and "International" segments are attributable to the Group from its activities as on online travel agent. Segment revenue, operating profit, assets and liabilities from "CCH" are attributable to the Group from its activities as a principal retailer of package holidays. Segment revenue, operating profit, assets and liabilities from the newly formed "CPH" are attributable to the Group from its activities as an online business to business portal.

	6 months ended 31 March 2019				
	OTB	**Int'l**	**CCH**	**CPH**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Revenue	**44.6**	**0.4**	**18.5**	**0.0**	**63.5**
Adjusted EBITDA*	**18.4**	**(0.2)**	**(0.1)**	**(0.5)**	**17.6**
Share Based Payments	(0.5)	-	-	-	(0.5)
EBITDA	**17.9**	**(0.2)**	**(0.1)**	**(0.5)**	**17.1**
Depreciation and amortisation	(4.1)	(0.1)	(0.6)	-	(4.8)
Segment operating profit/(loss) before exceptional operating costs	**13.8**	**(0.3)**	**(0.7)**	**(0.5)**	**12.3**
Exceptional operating costs	(0.5)	-	-	-	(0.5)
Group operating profit/(loss)	**13.3**	**(0.3)**	**(0.7)**	**(0.5)**	**11.8**
Finance costs					(0.1)
Finance income					0.2
Profit before tax					**11.9**
Non-current assets					
Goodwill	31.6	-	4.1	4.0	**39.7**
Other intangible assets	35.9	0.1	10.5	0.1	**46.6**
Property, plant and equipment	5.6	-	2.0	-	**7.6**
Investment property	-	-	0.8	-	**0.8**

*Adjusted EBITDA is operating profit before depreciation, amortisation, share based payments and exceptional operating costs.

	Restated (note 2)		
	6 months ended 31 March 2018		
	OTB	**Int'l**	**Total**
	£m	**£m**	**£m**
Revenue	**44.2**	**0.9**	**45.1**
Adjusted EBITDA*	**16.8**	**(1.6)**	**15.2**
Share Based Payments	(0.7)	-	(0.7)
EBITDA	**16.1**	**(1.6)**	**14.5**
Depreciation and amortisation	(3.6)	(0.1)	(3.7)
Segment operating profit/(loss) before exceptional operating costs	**12.5**	**(1.7)**	**10.8**
Exceptional operating costs	(0.3)	-	(0.3)
Group operating profit/(loss)	**12.2**	**(1.7)**	**10.5**
Finance costs			(0.1)
Finance income			0.2
Profit before tax			**10.6**
Non-current assets			
Goodwill	31.6	-	**31.6**
Other intangible assets	39.0	0.2	**39.2**
Property, plant and equipment	2.0	-	**2.0**

	Restated (note 2)			
	Year ended 30 September 2018			
	OTB	**Int'l**	**CCH**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue	**89.3**	**1.6**	**13.4**	**104.3**
Adjusted EBITDA*	**37.9**	**(2.2)**	**1.1**	**36.8**
Share Based Payments	(1.4)	-	-	(1.4)
Exceptional	(0.9)	-	-	(0.9)
EBITDA	**35.6**	**(2.2)**	**1.1**	**34.5**
Depreciation and amortisation	(7.3)	(0.2)	(0.2)	(7.7)
Segment operating profit/(loss) before exceptional operating costs	**28.3**	**(2.4)**	**0.9**	**26.8**
Exceptional operating costs	(0.6)	-	-	(0.6)
Group operating profit/(loss)	**27.7**	**(2.4)**	**0.9**	**26.2**
Finance costs				(0.3)
Finance income				0.2
Profit before tax				**26.1**
Non-current assets				
Goodwill	31.6	-	8.0	**39.6**
Other intangible assets	37.3	0.1	11.2	**48.6**
Property, plant and equipment	2.5	-	2.0	**4.5**
Investment property	-	-	0.8	**0.8**

*Adjusted EBITDA is operating profit before depreciation, amortisation and share based payments.

5) Business Combinations

Acquisition of Classic Collection Holidays Limited

On 15 August 2018 the Group acquired the entire share capital of the Classic Collection Holidays Limited in exchange for cash, shares and contingent consideration. The primary reason for the business combination was to increase market share and gain access to the Classic Collection Group's B2B network.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition are as follows:

	Restated (note 2) **Recognised values on acquisition £m**
Net assets acquired	
Intangible assets	11.2
Property plant and equipment	2.0
Investment property	0.8
Trade and other receivables	5.9
Cash and cash equivalents	18.2
Trade and other payables	(21.0)
Deferred tax liabilities	(1.9)
Net identifiable assets and liabilities	**15.2**
Consideration paid	
Cash paid	17.2
Contingent consideration	2.7
Deferred working capital cash	0.8
Shares issued	2.6
Total consideration	**23.3**
Net working capital cash adjustment	(3.3)
Net consideration	**20.0**
Goodwill	8.1

Under IFRS 3 Business Combinations, the Classic Collection brand, including the domain name, has been identified as an asset separate from Goodwill with a value of £10.7m. The recognition of the brand has resulted in a deferred tax liability of £1.9m.

The Goodwill balance represents the value of the workforce, the realisation of the potential increase in market share and gaining access to new customers in the luxury packaged holidays space. None of the goodwill identified on this acquisition is expected to be deductible for tax purposes.

The Board believes the acquisition will be earnings enhancing because it will give the Group a "business to business" channel through which the Group can gain access to the offline short haul beach holidays market.

The fair value of the contingent consideration at acquisition amounts to £2.7m which is the agreed payment amount. There is one condition attached which may result in any expenses incurred being deducted from this consideration but the occurrence of this condition is considered to be remote by management.

Acquisition related costs amounting to £0.6m have been excluded from the consideration transferred and were recognised as an expense in the profit and loss account within the exceptional costs line.

The agreed purchase price for Classic Collection Holidays Group was £20m. Excess working capital was paid upon acquisition as additional consideration.

The goodwill balance has been revised since the year end due to the retrospective adoption of IFRS 15. The application of IFRS 15 resulted in a £0.9m increase in trade receivables, a £1.0m increase in trade payables and £0.1m to goodwill.

6) Operating Profit

a) Operating expenses

Expenses by nature including exceptional operating items and impairment charges:

	6 months ended 31 March 2019	6 months ended 31 March 2018	Year ended 30 September 2018
	unaudited	unaudited	Audited
	£m	£m	£m
Marketing	20.0	23.5	40.4
Depreciation	0.5	0.3	0.5
Staff costs	5.4	3.6	10.9
IT hosting, licences & support	1.0	0.6	1.4
Credit / debit card charges	0.7	0.8	2.7
Other	3.4	2.1	1.8
Total administrative expenses	**31.0**	**30.9**	**57.7**
Exceptional operating costs	0.5	0.3	1.5
Amortisation of intangible assets	4.2	3.4	7.2
Total exceptional operating costs and amortisation	**4.7**	**3.7**	**8.7**
Total expenses	**35.7**	**34.6**	**66.4**

b) Exceptional operating costs

Exceptional operating items in the period include £0.3m double property costs in relating to the move to the new Digital HQ, £0.1m acquisition costs and £0.1m of recruitment fees.

Exceptional operating costs in the 6 months ended 31 March 2018 include £0.3m of litigation costs. Exceptional operating costs for the year ended 30 September 2018 include £0.6m of costs incurred during the acquisition of Classic Collection Holidays, £0.5m of double property costs in relation to the move to the new digital HQ and £0.4m of litigation costs.

c) Adjusted PBT

Management measures the overall performance of the Group by reference to Adjusted PBT, a non-GAAP measure:

	6 months ended 31 March 2019	6 months ended 31 March 2018	Year ended 30 September 2018
	unaudited	unaudited	audited
	£m	£m	£m
Profit before taxation	**11.9**	**10.6**	**26.1**
Exceptional operating costs	0.5	0.3	1.5
Amortisation of acquired intangibles	2.8	2.2	4.6
Share based payments charge	0.5	0.7	1.4
Adjusted PBT	**15.7**	**13.8**	**33.6**

7) Taxation

	Restated (note 2)	Restated (note 2)
	6 months ended 31 March 2019	**6 months ended 31 March 2018**	**Year ended 30 September 2018**
	unaudited	unaudited	audited
Analysis of charge in year	**£m**	**£m**	**£m**
Current tax on profit for the year	2.9	2.4	6.1
Adjustments in respect of prior years *	-	-	(0.4)
Total current tax	**2.9**	**2.4**	**5.7**
Deferred tax on profits for the year			
Origination and reversal of temporary differences	(0.6)	(0.1)	(1.1)
Total deferred tax	(0.6)	(0.1)	**(1.1)**
Total tax charge	**2.3**	**2.3**	**4.6**

The differences between the total taxation shown above the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation are shown below. The Group earns its profits primarily in the UK therefore the rate used for taxation is the standard rate for UK corporation tax.

* The adjustment in respect of prior years is in relation to an agreed Advanced Thin Capitalisation Agreement (ATCA) for financial years ended 30 September 2014 and 2015.

	6 months ended 31 March 2019	**6 months ended 31 March 2018**	**Year ended 30 September 2018**
	unaudited	unaudited	Audited
	£m	**£m**	**£m**
Profit on ordinary activities before tax	11.9	10.6	26.1
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 19% (2018: 19%)	2.3	2.0	5.0
Effects of:			
Adjustment in respect of prior years	-	0.3	(0.4)
Total taxation charge	**2.3**	**2.3**	**4.6**

The tax charge for the year is based on the effective rate of UK Corporation tax for the period of 19% (2018: 19%). A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 July 2015. A reduction to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax liability has been calculated based on these rates.

8) Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of On the Beach Group plc by the weighted average number of ordinary shares in issue during the year.

Adjusted earnings per share figures are calculated by dividing adjusted earnings after tax for the year by the weighted average number of shares.

	6 months ended 31 March 2019	Restated (note 2) 6 months ended 31 March 2018	Restated (note 2) Year ended 30 September 2018
	unaudited	unaudited	Audited
	£m	**£m**	**£m**
Basic EPS			
Profit after tax for the year/period	**9.6**	**8.3**	**21.5**
Basic weighted average number of Ordinary Shares (m)	131.1	130.4	130.5
Earnings per share (in pence per share)	7.3p	6.3p	16.5p
Diluted EPS			
Profit after tax for the year/period	**9.6**	**8.3**	**21.5**
Weighted average number of Ordinary Shares (m)	131.7	130.4	130.7
Earnings per share (in pence per share)	7.3p	6.3p	16.5p

Adjusted basic earnings per share

Adjusted earnings per share is calculated by dividing adjusted earnings after tax of On the Beach Group plc by the weighted average number of shares:

	6 months ended 31 March 2019	Restated (note 2) 6 months ended 31 March 2018	Restated (note 2) Year ended 30 September 2018
	unaudited	unaudited	Audited
	£m	**£m**	**£m**
Adjusted earnings after tax	**12.6**	**10.9**	**27.7**
Weighted average number of Ordinary Shares (m)	131.1	130.4	130.5
Earnings per share (in pence per share)	9.6p	8.3p	21.2p

Adjusted earnings after tax is calculated as follows:

	6 months ended 31 March 2019	Restated (note 2) 6 months ended 31 March 2018	Restated (note 2) Year ended 30 September 2018
	unaudited	unaudited	Audited
	£m	**£m**	**£m**
Profit for the year after taxation	**9.6**	**8.3**	**21.5**
Adjustments (net of tax at 19%)			
Exceptional operating costs	0.4	0.2	1.2
Amortisation of acquired intangibles	2.2	1.8	3.8
Share based payment charges*	0.4	0.6	1.2
Adjusted earnings after tax	**12.6**	**10.9**	**27.7**

* The share based payment charges are in relation to options which are not yet exercisable.

9) Intangible fixed assets

Cost	Brand £m	Goodwill £m	Website & development Costs £m	Website technology £m	Customer relationships £m	Total £m
At 1 October 2018	35.9	39.7	6.5	22.8	6.5	111.4
Additions	-	-	2.3	-	-	2.3
At 31 March 2019	**35.9**	**39.7**	**8.8**	**22.8**	**6.5**	**113.7**
Accumulated amortisation						
At 1 October 2018	10.3	-	1.5	11.2	0.2	23.2
Charge for the year	1.2	-	1.4	1.2	0.4	4.2
At 31 March 2019	**11.5**	**-**	**2.9**	**12.4**	**0.6**	**27.4**
Net book amount						
At 31 March 2019	**24.4**	**39.7**	**5.9**	**10.4**	**5.9**	**86.3**

Cost	Brand £m	Goodwill £m	Website & development Costs £m	Website technology £m	Total £m
At 1 October 2017	31.5	31.6	6.5	22.5	92.1
Additions	-	-	1.7	-	1.7
At 31 March 2018	**31.5**	**31.6**	**8.2**	**22.5**	**93.8**
Accumulated amortisation					
At 1 October 2017	8.0	-	2.6	9.0	19.6
Charge for the year	1.1	-	1.2	1.1	3.4
At 31 March 2018	**9.1**	**-**	**3.8**	**10.1**	**23.0**
Net book amount					
At 31 March 2018	**22.4**	**31.6**	**4.4**	**12.4**	**70.8**

Restated (note 2)

Cost	Brand £m	Goodwill £m	Website & development Costs £m	Website technology £m	Customer relationships £m	Total £m
At 1 October 2017	31.5	31.6	6.5	22.5	-	92.1
Assets acquired on acquisition	4.4	8.1	-	0.3	6.5	19.3
Additions	-	-	3.8	-	-	3.8
Disposals	-	-	(3.8)	-	-	(3.8)
At 30 September 2018	**35.9**	**39.7**	**6.5**	**22.8**	**6.5**	**111.4**
Accumulated amortisation						
At 1 October 2017	8.1	-	2.6	9.0	-	19.7
Charge for the year	2.2	-	2.6	2.2	0.2	7.2
Disposals			(3.7)	-	-	(3.7)
At 30 September 2018	**10.3**	**-**	**1.5**	**11.2**	**0.2**	**23.2**
Net book amount						
At 30 September 2018	**25.6**	**39.7**	**5.0**	**11.6**	**6.3**	**88.2**

10) Tangible fixed assets

Fixed asset additions for the period amounted to £3.4m (6 months the 31 March 2018: £0.8m, Year ended 30 September 2018: £2.2m). The additions relate to the costs associated with the fit out of the Digital and Operational HQ's. The additions are stated gross of a £1.1m landlord contribution which is held within other creditors. The contribution is to be released on a straight line basis over the length of the lease.

Disposals in the period amounted to £nil (6 months to 31 March 2018: £nil, 30 September 2018: £1.4m). Depreciation charge for the period amounted to £0.5m (6 months to 31 March 2018: £0.3m, Year ended 30 September 2018: £0.5m)

11) Trade and other receivables

	6 months ended 31 March 2019	Restated (note 2) **6 months ended 31 March 2018**	Restated (note 2) **Year ended 30 September 2018**
	unaudited	unaudited	audited
	£m	**£m**	**£m**
Trade receivables	164.5	142.4	58.8
Prepayments	2.6	1.4	4.3
Other receivables	22.2	12.5	8.4
	189.3	**156.3**	**71.5**

The increase in trade receivables from the year end balance is due to the seasonality of the Group's operating cycle.

12) Trade and other payables

	6 months ended 31 March 2019	Restated (note 2) **6 months ended 31 March 2018**	Restated (note 2) **Year ended 30 September 2018**
	unaudited	unaudited	audited
	£m	**£m**	**£m**
Trade payables	182.5	153.3	108.9
Accruals and other payables	17.4	11.0	15.6
Contingent consideration	2.7	-	2.7
	202.6	**164.3**	**127.2**

The increase in trade payables from the year end balance is due to the seasonality of the Group's operating cycle.

13) Trust account

Trust accounts are restricted cash held separately and only accessible at the point the customer has travelled.

14) Financial assets and financial liabilities

	FV Level	6 months ended 31 March 2019	Restated (note 2) 6 months ended 31 March 2018	Restated (note 2) Year ended 30 September 2018
Financial assets		£m	£m	£m
Derivative financial assets				
Forward exchange contracts used for hedging	2	-	-	0.1
Loans & Receivables				
Cash at bank		8.2	11.8	47.3
Trust account		56.9	58.4	38.4
Trade and other receivables		186.7	154.7	67.2
Total financial assets		**251.8**	**224.9**	**152.9**
Financial liabilities				
Trade and other payables		(199.9)	(164.3)	(124.5)
Revolving credit facility		(9.5)	(23.5)	-
Forward exchange contracts used for hedging	2	(4.0)	(0.9)	-
Contingent consideration	3	(2.7)	-	(2.7)
Total financial liabilities		**(216.1)**	**(188.7)**	**(127.2)**

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table above provides the fair value of the Group's financial assets and liabilities.

The following table provides the fair value of the Group’s financial assets and liabilities held as amortised cost:

	6 months ended 31 March 2019	Restated (note 2) 6 months ended 31 March 2018	Restated (note 2) Year ended 30 September 2018
	unaudited	unaudited	audited
	£m	**£m**	**£m**
Trade and other receivables	185.2	154.7	67.2
Trade and other payables	(199.9)	(164.3)	(124.5)
Revolving credit facility	(9.5)	(23.5)	-

Derivative financial instruments

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on purchases denominated in Euros and US Dollars. The Group's policy is to mitigate foreign currency transaction exposures where possible and the Group uses financial instruments in the form of forward foreign exchange contracts to hedge future highly probable future foreign currency cash flows.

The Group enters into derivative financial instruments with various financial institutions with investment grade credit ratings. Derivatives are valued using present value calculations. The valuation methods incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies.

The prior year figures in the table above have been restated to more accurately reflect the disclosure requirements of IFRS 7.

Revolving credit facility

In order to fund seasonal working capital requirements the Group has a Revolving Credit Facility with Lloyds Bank plc. The borrowing limits under the facility will vary monthly, ranging from £2.0m to £28.5m depending on month. No early prepayment fees are payable. The facility expires in December 2019 and the Group expects to renew this facility by the end of May 2019.

The margin contained within the Facility is dependent on gross leverage ratio and the rate per annum ranges from 1.10% to 1.90% for the utilised facility and 0.39% to 0.67% for the non-utilised facility.

The terms of the facility include the following financial covenants:

(i) that the ratio of total debt to EBITDA in respect of any relevant period shall not exceed 2:1 (with a one-off increase ratio of 2.5:1); and

(ii) that the ratio of EBITDA to finance charges in respect of any relevant period shall not be less than 5:1.

15) Dividends paid and proposed

	6 months ended 31 March 2019	**6 months ended 31 March 2018**
	unaudited	unaudited
	£m	**£m**
Declared and paid during the period		
Final dividend of 3.3p per share (2018: 2.8p per share)	2.9	2.5
Interim dividends approved by Directors		
Interim dividend of 1.3p per share (2018: 1.1p per share)	1.7	1.5

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU; and the interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first 6 months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- The interim management report includes a fair review of the information required by DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

This responsibility statement was approved by the Board on 14 May 2019 and is signed on its behalf by:

Paul Meehan

CFO
14 May 2019

INDEPENDENT REVIEW REPORT TO ON THE BEACH GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2019 which comprises the Condensed Consolidated Income Statement and Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Consolidated Statement of Cashflows, Consolidated Statement of Changes in Equity and the related explanatory notes that have been reviewed. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

Manchester

14 May 2019