2026 Mid-Year Review

The UK staycation market demonstrated continued resilience in the 6 months to March 2026. Geopolitical uncertainty, including the conflict in the Middle East, impacted consumer confidence from February onwards, consistent with trends seen across the wider market. The Group's flexible approach to pricing and distribution, combined with consumer-friendly low deposit and flexible cancellation options, has allowed us to respond effectively, protecting market share and maximising returns for property owners whilst remaining competitive for consumers. The Group has delivered a financial performance in line with our strategic plan and ahead of the prior year, demonstrating the strength and adaptability of our diversified business model, alongside a drive to adopt and expand the use of AI.

Developments in the Period

The Group has made significant progress in embedding AI across the business. The proportion of all employees using AI tools in their day-to-day work has grown from 57% to over 70%, supported by the rollout of AI productivity tools across the Group and a structured programme to develop AI expertise. The Group is investing in next-generation AI capabilities and data foundations that will ensure the business delivers on its plans to build a technology driven AI operating model and meet the changing market for how consumers discover and book their perfect holiday.

The Group completed the migration of the Forest Holidays Division onto its shared Group platform during the period, streamlining operations, improving efficiency and establishing a single, more cost-effective foundation across the Group's brands. Alongside this, the Group has further standardised its core operational systems, reduced fragmentation, improved the foundations for automation across the business. Feedback data is showing enhanced customer experience alongside delivery of significant savings.

The Group has expanded its distribution reach, broadening the ways in which consumers can find and book holidays across its brands. This has been supported by new commercial partnerships enabling Forest Holidays inventory to be listed via major third-party platforms, and the launch of a new multi-unit proposition that has added over 1,200 units to the Group's portfolio.

The UK Agency division has successfully executed its organic property acquisition strategy, targeting both individual units and multi-unit sites to grow and diversify the portfolio across the UK and Ireland. Following a strategic decision taken in the prior year, UKCaravans4Hire has been fully integrated into the Agency division, with operational activities absorbed into the Agency business to drive improved efficiencies and operational synergy.

Divisional Performance

The UK Agency division traded in line with expectations across the first half of the year. The division has grown its portfolio of properties year on year, reflecting the success of our ongoing owner recruitment strategy and consistently improving retention rate. Trading from October through to January was positive, with strong booking volumes and occupancy levels, particularly through November and December, providing a solid start to the period. From February onwards, the market conditions tightened driven by economic uncertainties fuelled by the war in the Middle East, which resulted in softer demand and pressure on both booking volumes and pricing. The division responded proactively to the changing market conditions, and careful cost management throughout the period partially offset the impact of the more challenging trading conditions.

The Specialist Operator Division delivered a strong performance in the first half of the year, with results ahead of expectations throughout the period. Underlying trade experienced the same market-wide rate pressures as the wider sector. The division maintained high occupancy levels and tight control of its cost base throughout, resulting in an overall positive outcome for the period.

The International division, Bachcare, continued to navigate a challenging trading environment in New Zealand, where a prolonged economic downturn, adverse weather and rising fuel costs created headwinds throughout the period. Despite these conditions, Bachcare delivered a result in line with plan, with effective cost management and strong international visitor demand at key points in the period providing a resilient overall outcome.

Outlook

We expect occupancy across the UK Agency and Specialist Operator divisions to remain at competitive levels as we grow the choice and quality of properties available across the UK and Ireland. The Agency division will continue to expand its portfolio whilst leveraging its multi-channel distribution capabilities to maximise returns for property owners and deliver great value for consumers.

The Specialist Operator Division has a healthy long-term pipeline of future development sites to facilitate further growth. The division will further invest in its technology and booking capabilities to improve accessibility for guests and reduce operating costs, building on the benefits of its transition onto the Group's shared platform.

The International division will maintain the control of its cost base whilst targeting property growth in key holiday destinations, with a focus on location and quality. The expectation is that trading conditions will gradually stabilise as the New Zealand economic environment improves in the longer term.

The Group will target an increase in the roll out AI tools more widely across the business in the second half of the year, with plans to introduce new AI-powered search and discovery features for guests, making it simpler for customers to find the perfect property. The Group will also focus investment into data capabilities to help property owners better understand the performance of their properties and optimise their returns.