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SAGA PLC
27 September 2023

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Saga plc

Interim results for the six months ended 31 July 2023

Cruise and Travel drive double-digit revenue growth
Optimising Insurance in a difficult market

Saga plc (**Saga** or the **Group**), the UK's specialist in products and services for people over 50, announces its interim results for the six months ended 31 July 2023. These results are reported under International Reporting Standard (**IFRS**) 17 'Insurance Contracts' and any prior year comparisons have been restated accordingly.

Six months ended	**31 July 2023**	**31 July 2022 (restated)**	**Change**
Revenue[1]	£355.3m	£309.8m	15%
Underlying Profit Before Tax (Under Previous IFRS)[2]	£13.4m	£14.0m	(4%)
Underlying Profit Before Tax[2]	£8.0m	£14.6m	(45%)
Loss before tax[3]	(£77.8m)	(£261.8m)	70%
Available Operating Cash Flow[2]	£85.9m	£31.5m	173%
Net Debt[2]	£657.4m	£721.3m	(9%)
Leverage ratio	7.0x	8.5x	(1.5x)

Euan Sutherland, Saga's Group Chief Executive Officer, said:

"I am pleased to announce a 15% increase in revenue for the first half of the year, due to the continued growth of our Cruise and Travel businesses, in addition to further debt reduction. Alongside this, under consistent accounting standards, we report an underlying half year profit that is broadly in line with the prior year.

"In Ocean Cruise, bookings are on track to achieve our targets for the full year, reflecting continued strong customer demand, while our River Cruise business has returned to profit with a 34% increase in guest numbers. Travel is also on track to return to profit for the full year.

"In Insurance, we continue to develop our business against the backdrop of a difficult inflationary market. While travel and private medical insurance are achieving strong year-on-year revenue growth, the performance in motor continues to weigh on earnings and this has resulted in an impairment of goodwill. In Underwriting, we have paused the process for a potential sale of the business as, while we had established terms for the disposal, the Board believes there is potential to generate greater value once market conditions improve.

"Saga Money has expanded the range of financial products offered to our customers, most recently through the launch of a range of fixed rate savings accounts, and legal services, with more to come shortly.

"Overall, I am pleased with the progress made in the year to date. Looking ahead to the full year, we are keeping tight control of our costs and are confident that we will deliver significant double-digit growth in revenue and underlying profit that is ahead of market estimates, and repay the May 2024 bond when it falls due. This, alongside our continued focus on debt reduction, leaves us well placed as we position Saga for long-term sustainable growth."

Operational and financial highlights

- Revenue[1] increased 15%, reflecting continued momentum in Cruise and Travel.
- The Group reports an Underlying Profit Before Tax (Under Previous IFRS)[2] of £13.4m, compared with £14.0m in the prior year which benefited from one-off Insurance Underwriting releases.
- Under IFRS 17, Underlying Profit Before Tax[2] was £8.0m, compared with £14.6m in the prior year.
- Net Debt[2], at 31 July 2023 was £657.4m, £63.9m lower than at 31 July 2022 and £54.3m lower than at 31 January 2023. This included Available Cash[2] of £180.7m.
- Our reported loss before tax of £77.8m reflects a £68.1m impairment of Insurance Broking goodwill. At 31 July 2023, £381.5m of Insurance goodwill remained on the balance sheet.
- For the full year, we expect to achieve significant double-digit growth in revenue and Underlying Profit Before Tax[2] when compared with the prior year, ahead of current estimates.

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[1] Revenue is stated net of ceded reinsurance premiums earned on business underwritten by the Group of £8.0m (H1 2022: £7.3m) less £5.2m onerous contract provision (H1 2022: nil)

[2] Refer to the Alternative Performance Measures Glossary for definition and explanation

[3] Loss before tax includes an Insurance goodwill impairment of £68.1m (H1 2022: £269.0m)

Divisional performance

Cruise - Ocean Cruise load factor exceeds 80%, while River Cruise returns to profit

Ocean Cruise

- Ocean Cruise reported an Underlying Profit Before Tax[4] of £12.9m for the first half of the year, compared with an Underlying Loss Before Tax[4] of £6.9m in the year before.
- Ocean Cruise Trading EBITDA (Excluding Overheads)[4] in the first half of the year was £40.1m compared with £17.3m in the prior year. This was delivered through a load factor of 83%, 17ppts ahead of the 66% in the prior year, and a per diem of £333 which was 5% higher.
- Ocean Cruise Available Operating Cash Flow[4], after capital repayments and interest on the ship facilities, was £7.8m for the first six months of the year, compared with an outflow of £9.7m for the same period in 2022.

- At 24 September 2023, the booked load factor for the full year was 86%, a 12ppt increase when compared with the same point last year with the per diem of £332, 4% ahead. We expect to report at least £40m Ocean Cruise Trading EBITDA (Excluding Overheads)[4] per ship.
- Looking ahead to 2024/25, the booked load factor, at 24 September 2023, was 49% and the per diem was £359. This compares with 43% and £326 at the same point last year.

River Cruise

- River Cruise reported a £1.5m Underlying Profit Before Tax[4] in the first half of the year, a significant improvement when compared with the £2.1m Underlying Loss Before Tax[4] in the year before.
- Revenue growth was in excess of 40%, with the number of guests sailing with us increasing 34%, reflecting a load factor of 83% and per diem of £296.
- Booked revenue at 24 September 2023 was £43.3m for the full year, 52% higher than at the same point last year, representing a load factor of 85% and per diem of £285. Bookings reflect a significant increase in the number of first-time buyers following the decision to offer more shorter seven-day cruises.
- At the same date, the booked load factor for 2024/25 was 30% with revenue and guests 40% and 31% higher, when compared to the same time last year.

Travel - Profitability returning for the full year

- In line with previous guidance, the Travel business reported a small Underlying Loss Before Tax[4] of £2.6m for the six months ended 31 July 2023, in line with the prior year.
- At 24 September 2023, the booked revenue for the full year of £155.8m was 46% ahead of the same point in the prior year, with the volume of booked passengers 27% ahead. This places the business on track to return to an Underlying Profit Before Tax[4] for the full year, in line with previous guidance.
- At the same date, booked revenue in relation to 2024/25 departures was £67.5m from 19.4k passengers. This compares with revenue of £58.9m and 18.1k passengers at the same point in the year before, reflecting an increase in the number of passengers booking, but also a higher revenue per passenger.

Insurance - Optimisation in a difficult market

Insurance Broking

- For the six months to 31 July 2023, Insurance Broking reports an Underlying Profit Before Tax[4] of £23.8m on an earned basis, compared with £36.7m[5] in the prior year.
- The number of policies sold, across all products, for the first half of the year was 0.8m, 6% behind the prior year, reflecting lower motor and home volumes, broadly flat private medical insurance and higher travel insurance policies. The number of policies in force at 31 July 2023 was 1.6m, 5% behind 31 July 2022.
- Travel insurance reported a 19% year-on-year revenue increase supported by 2% growth in policy sales.
- Private medical insurance revenue grew 12% on a broadly stable policy base.
- The motor insurance market remained challenging as underwriting rates continued to increase, reflecting the impact of ongoing claims inflation, faster than market-wide customer pricing. This continued to weigh on margins, particularly within our three-year fixed-price policies. For the first half of the year, motor and home:
    - Policies sold and policies in force were 8% and 7% behind the prior year respectively.
    - Margin per policy was £56, compared with £72[5] in the prior year. Looking ahead to the full year, we expect the margin to remain broadly at this level.
    - Customer retention continues to be strong at 84%, 1ppt higher than in the prior year.
- As lower policy sales in the current year translate into fewer renewal opportunities in future years, this, alongside lower margins, resulted in the goodwill allocated to the Insurance Broking business being impaired by £68.1m. At 31 July 2023, £381.5m of Insurance goodwill remained on the balance sheet.
- We are taking action to mitigate the pressure on earnings and have identified a series of efficiencies that will reduce annual Insurance operating expenses by £5-10m.

Insurance Underwriting

- For the first half of the year, Insurance Underwriting reported an Underlying Loss Before Tax[4], after expected recoveries from reinsurance arrangements, of £3.6m, compared with an Underlying Profit Before Tax[4] of £15.8m[5] in the year before.
- This performance was heavily impacted by claims inflation, estimated at around 15% in the year to date as the applied price increases are yet to fully flow through to insurance revenue.
- In addition, we have observed an uptick in claims frequency, particularly in relation to third-party damage claims and the number of large bodily injury claims remains elevated.
- These factors, when combined, result in a current year combined operating ratio (**COR**), before reinsurance arrangements, for the first half of the year of 136.4%, 23.1ppts higher than the 113.3%[5] in the prior year.
- Looking ahead to the full year, the Insurance Underwriting business is expected to report an improved gross COR as the price increases continue to flow through to the result.

Wider strategic progress

- Saga Money launched two new products including a range of fixed rate savings accounts and legal services for wills, probate and lasting powers of attorney.
- Within Saga Media, the digital newsletter is reaching more than 750k readers three times a week and the Saga Magazine is distributed to 129k subscribers per month.
- Delivery against our data strategy is progressing with our global consent programme now live for all new customers, completion of reconsent of existing customers on track for next year and the successful trial of a new customer cross-sell journey.
- Our customer transactional net promoter score continued to grow, now at 62 compared with 61 last year.

Financial position

Reducing our level of debt remains a key priority for the Group and good progress was made in the first half of the year as Net Debt[4] reduced by £54.3m when compared with 31 January 2023. The challenges within Insurance, and motor in particular, however, continue to weigh on the Group's cash generation and therefore the rate at which we are able to de-lever.

We had previously announced that we were looking to sell our Insurance Underwriting operations and, while we were able to establish terms for the sale, the Board believes that greater value could be generated once conditions within the insurance market improve. We will, however, continue to evaluate our options as the landscape evolves.

The Group expects to meet the £150m bond repayment due in May 2024 through a combination of Available Cash[4] resources and drawdown of the loan facility with Roger De Haan. To provide additional financial flexibility following repayment of the bond, the Group has agreed a £35m increase to the facility, taking the total to £85m, and an extension to the expiry date, to 31 December 2025.

To further increase the Group's financial flexibility, we have taken, and will continue to take action on costs which include reduction of the Central Cost base by at least £15m per annum and the rephasing of investments in our newer businesses.

We remain confident in the Group's ability to repay the 2024 bond and we will continue to take the necessary steps to prioritise debt reduction.

Outlook

In Cruise, we expect to achieve at least £40m Ocean Cruise Trading EBITDA (Excluding Overheads)[4] per ship for the full year, through a load factor of around 86%, with the opportunity to grow this further in 2024/25. River Cruise and Travel, when combined, are anticipated to return to an Underlying Profit Before Tax[4] for the full year, in line with pre-pandemic levels.

Insurance remains challenging as motor broking continues to weigh on earnings, however, plans are underway to re-develop aspects of our operation which will somewhat mitigate this. As a result, full year Insurance Broking profitability, on a written basis, is expected to be lower than the prior year. Repricing of the Insurance Underwriting motor book from mid-2022 onwards is starting to more fully benefit insurance revenues, and this is expected to lead to an improved gross combined operating ratio in the second half of 2023/24.

Building on the progress made during the first six months of the year, Saga is well-placed to achieve full year double-digit growth in revenue and underlying profitability, when compared with 2022/23, and build on the opportunities ahead as we position Saga for sustainable growth.

END

Management will hold a presentation for analysts and investors at 9.30am today. The webcast can be accessed by registering at www.investis-live.com/saga-group/64d6149a2be9e41300ebdc0b/dwqd.. A copy of the presentation slides is available at www.corporate.saga.co.uk/investors/results-reports-presentations/.

A separate live presentation for retail investors will be held via the Investor Meet Company platform on 28 September 2023 at 9.30am. The presentation is open to all existing and potential investors. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9.00am on 27 September 2023, or at any time during the live presentation. Investors can sign up to Investor Meet Company for free and follow Saga plc via www.investormeetcompany.com/saga-plc/register-investor. Investors who already follow Saga plc on the Investor Meet Company platform will automatically be invited.

Shareholders will continue to benefit from the complimentary digital subscription to the Saga Magazine. For those that have already taken advantage of this, the existing voucher codes will be extended for a further 12 months and those that have not, but wish to do so, should contact the team at www.saga.co.uk/chat.

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Notes to editors

Saga is a specialist in the provision of products and services for people over 50. The Saga brand is one of the most recognised and trusted brands in the UK and is known for its high level of customer service and its high-quality, award-winning products and services including cruises and travel, insurance, personal finance and media. www.saga.co.uk

[4] Refer to the Alternative Performance Measures Glossary for definition and explanation

[5]The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'

Chairman's Statement

Saga made progress during the first six months of the financial year, particularly within the Cruise and Travel businesses which reported a significant uplift in revenue. When combined, this was more than 40% higher than in the same six-month period the year before.

Our ocean cruise ships are seeing a high level of demand and based on current bookings, are expected to sail with strong load factors for the full year and with a higher revenue per guest per night than before. We have also been working hard to develop our River Cruise operations to provide the same levels of satisfaction that guests experience on board our ocean cruise ships. The changes we have made to date have been well received.

In Travel, we have seen an increase in the number of customers booking their holidays with us and we expect this to continue into the latter part of the year.

Motor insurance continues to be a challenge and the profitability of that business has declined when compared with the prior year. We are focused on re-developing aspects of our operation which will reduce not only the costs associated with operating the Insurance Broking business, but also our central function.

As part of our continued focus on debt reduction and ambition to move towards a capital-light model, we previously indicated that we had decided to sell our Insurance Underwriting operations. While a sale would have been possible, with terms having been established, the current conditions within the motor insurance market mean that a transaction now would not deliver the best value for the Group. Consequently, I have extended my existing £50.0m facility to £85.0m, providing incremental financial flexibility ahead of the bond repayment in May 2024.

We are continuing to broaden the catalogue of products we are able to offer our customers and, in Saga Money, which specialises in supporting our customers with their financial needs, we have recently launched two new products. These include a range of fixed rate savings accounts and legal services in the form of support with wills, probate and lasting powers of attorney.

We are focused on ensuring that Saga operates as efficiently as possible as we continue to reduce debt and position Saga for sustainable growth. While we are only six months into the financial year, I am pleased with the progress made and look forward to updating further as part of our full year results.

Group Chief Executive Officer's Statement

Continued progress against our growth plan

In the first half of the year, we continued to make progress against our three-step strategic growth plan. The Cruise business went from strength to strength with full year Ocean Cruise bookings already ahead of our target and guest satisfaction in River Cruise improving. Our Travel business saw a significant uplift in the number of passengers travelling and is on track to return to profit this year. Insurance has continued to be a challenge, particularly in motor, however, it remains a material proportion of the Group's earnings. Saga Money is also developing, having launched two new products earlier this month.

Significant growth in Cruise and Travel

Saga reports an Underlying Profit Before Tax (Under Previous IFRS)[1] of £13.4m for the first half of the year, compared with £14.0m in the prior year which benefitted from one-off Insurance Underwriting reserve releases. This reflects significant improvements in Cruise and Travel but continued pressure within Insurance from the effects of motor claims inflation and delays to market price increases.

Following the adoption of International Financial Reporting Standard (**IFRS**) 17 'Insurance Contracts', this equates to an Underlying Profit Before Tax[1] of £8.0m, compared with £14.6m[2] for the same six months in the year before. While the adoption of IFRS 17 changes the presentation and timing of profit recognition, it does not impact the underlying performance of the Group.

For the six months ended 31 July 2023, we report a loss before tax of £77.8m which includes a £68.1m impairment of Insurance Broking goodwill. This compares with a loss of £261.8m[2] in the year before which included an Insurance goodwill impairment of £269.0m.

Deleveraging also continued, benefiting from both increased Trading EBITDA[1] and lower Net Debt[1] which, at 31 July 2023, was £657.4m or £54.3m lower than at 31 January 2023. This included Available Cash[1] of £180.7m, £23.2m higher than at 31 January 2023.

The progress in the first six months of the year, particularly within Cruise, Travel and Money, provides us with a strong platform as we move into the second half. Our drive to provide our customers with exceptional experiences every day, supported by our focus on data, leaves us well-positioned to return the business to long-term sustainable growth.

Our growth plan

As we have previously published, we are focused on strategic delivery under our three-step growth plan. An update on our progress, during the past six months, in each of these areas is set out below.

Step 1

The first step in our growth plan is focused on maximising our core businesses of Cruise, Travel, Insurance and Money.

Cruise

In the first six months of the year, Ocean Cruise reported an Underlying Profit Before Tax[1] of £12.9m compared with an Underlying Loss Before Tax[1] of £6.9m in the prior year which included residual impacts from the pandemic.

Revenue was 37% ahead of the prior year, delivered through a load factor of 83% and per diem of £333 which were 17ppts and 5% ahead of the same period for last year respectively. This equated to an Ocean Cruise Trading EBITDA (Excluding Overheads)[1] of £40.1m, compared with £17.3m in the prior year.

In addition to delivering a significant uplift in revenue, Trading EBITDA (Excluding Overheads)[1] and Underlying Profit Before Tax[1], the Ocean Cruise business also reported positive Available Operating Cash Flow[1], even after allowing for the capital repayments and associated interest on the two ship facilities. In the six months to 31 July 2023, this equated to £7.8m which compares with an outflow of £9.7m in the same six-month period in the year before.

Bookings for the full year, at 24 September 2023 were exceptionally strong with a load factor of 86% and per diem of £332, an increase of 12ppts and 4% respectively when compared to the same point last year. This places us on track to exceed the targeted £40m Ocean Cruise Trading EBITDA (Excluding Overheads)[1] per ship.
Looking ahead to 2024/25, the booked load factor, at the same date, was 49%, 6ppts higher than the same time in the prior year and the per diem of £359 was 10% higher.

Ocean Cruise has also continued to deliver exceptional experiences for guests, achieving a transactional net promoter score (**tNPS**)[3] of 82 in the year to date, compared with 57 in the prior year.

River Cruise reported an Underlying Profit Before Tax[1] of £1.5m for the first six months of the year which compares with an Underlying Loss Before Tax[1] of £2.1m in the same period last year. This was delivered through a load factor of 83% and per diem of £296. During the period, around 8.6k guests sailed with us which was a 34% increase when compared with last year.

Bookings for the full year are strong, with revenue, at 24 September 2023, 52% ahead of the same point in the prior year, reflecting an 85% load factor and £285 per diem. Based on this level of bookings, River Cruise is expected to report a small Underlying Profit Before Tax[1] for the full year, compared with the £5.1m Underlying Loss Before Tax[1] in 2022/23.

At 24 September 2023, secured bookings for the year ended 31 January 2025 equated to revenue of £16.7m, 40% ahead of the same time last year, reflecting higher guest numbers and inflationary increases to pricing. At the same date, the load factor and per diem were 30% and £321 respectively.

River Cruise has made excellent progress in replicating the same level of satisfaction that our guests experience on board our ocean cruise ships. This is demonstrated in the tNPS[3] score of 57 in the year to date which compares with 8 in the prior year, reflecting actions taken to improve pre-cruise administration and the quality of the food on board, alongside the benefit of fewer pandemic-driven itinerary changes.

Travel

In line with previous guidance, the Travel business reported a small Underlying Loss Before Tax[1] of £2.6m in the first six months of the year, in line with the prior year. Revenue for the first half of the year of £69.7m, was 58% ahead of the prior period and the number of passengers that travelled with us was also ahead, by 25%.

Turning to the full year, at 24 September 2023, booked revenue was £155.8m, representing a 46% increase when compared to the same point in the prior year, with passenger numbers 27% ahead. Based on this position and expected new bookings for the

the same point in the prior year, with passenger numbers 27% ahead. Based on this position and expected new bookings for the latter part of the year, we expect that the business will return to profit, as previously indicated, for the full year.

We are delighted that the first of our exclusive private jet tours departed earlier this month, visiting 10 locations in just three weeks. Following the success of this tour, a further three tours are planned for 2024/25.

Looking ahead to next year, at 24 September 2023, booked revenue was £67.5m from 19.4k passengers. This compares with £58.9m and 18.1k passengers at the same time last year, reflecting not only an increase in the number of passengers choosing to book with us, but also higher revenue per passenger arising from inflationary price increases and a move towards higher-margin products.

Insurance

For the first six months of the year, Insurance Broking reported an Underlying Profit Before Tax[1], on an earned basis, of £23.8m compared with £36.7m[2] in the prior year. This reflects continued pressure on the motor result, but broadly stable performance in home, private medical and travel insurance.

The number of policies sold across all products was 0.8m, 6% lower than in the year before, and the total policies in force at 31 July 2023 was 1.6m, or 5% behind the prior year.

During the first six months of the year, travel insurance continued to recover post-pandemic, generating revenue of £8.7m which was 19% higher than in the year before, with policy sales increasing 2%. At the same time, revenue from the sale of private medical insurance was £15.3m, an increase of 12% on broadly flat policy sales, benefiting in part from a one-off contribution in relation to the partnership agreement secured with Bupa earlier in the year.

Motor insurance continues to be subjected to prolonged levels of market-wide claims inflation. While this is now largely reflected in underwriting rates and customer pricing has begun to increase, it is currently not sufficient to offset the impact. As a result, motor broking remains under pressure but has maintained pricing discipline, prioritising the margin per policy over the volume of policies sold.

Although the number of policies sold for motor and home insurance was 11% and 3% behind the prior year respectively, or 8% when combined, retention remained high at 84%, supported by renewals of our three-year fixed-price policies which remain particularly attractive to customers in the current inflationary environment.

The margin per policy, under previous accounting standards, across motor and home was £58, ahead of our £55 guidance. The adoption of IFRS 17 does, however, require that some costs are reclassified as a cost of sale as opposed to overheads, which had been the case previously. The result of this change is that, under IFRS 17, the margin per policy for the current year is £56, compared with a restated £72[2] in the prior year. For the full year, we expect the margin per policy to remain broadly at the current level.

The proportion of motor and home customers purchasing new policies directly, as opposed to through price-comparison websites, was 46%, reflecting a 4ppt reduction when compared with the prior year due to the extended inflationary pressures in the market encouraging more consumers to use price-comparison websites.

In the short term, we expect motor insurance, in particular, to remain a challenge as fewer policies sold in the current year translate into a lower number of policies available for renewal in subsequent years. This, alongside lower margins, impacts future earnings and cash generation. As a reflection of this, Insurance Broking goodwill has been impaired by £68.1m, with £381.5m of Insurance goodwill remaining on the balance sheet at 31 July 2023. To offset some of the pressure on earnings, we have initiated a programme to re-develop our Insurance Broking business which will reduce operating expenses by £5-10m per annum.

In the first six months of the year, Insurance Underwriting reported an Underlying Loss Before Tax[1], after accounting for the impact of our reinsurance arrangements, of £3.6m, compared with an Underlying Profit Before Tax[1] of £15.8m[2] in the year before. While the business has applied significant price increases to reflect claims inflation, these take time to be fully reflected in the result.

In addition to prolonged high levels of claims inflation, we, alongside the wider market, observed an increase in the frequency of claims, and in particular, those in relation to third-party damage. In addition, the number of large bodily injury claims has remained elevated, albeit small in absolute terms.

The impact of these trends is that the current year combined operating ratio, before reinsurance arrangements, rose to 136.4% which was 23.1ppts higher than the prior year. This is, however, expected to reduce for the full year and beyond as the benefit from applied price increases is recognised.

Money

For the first half of the year, Saga Money reported an Underlying Profit Before Tax[1] of £0.2m, compared with £0.9m in the year before. This reflects the market-wide challenges within equity release owing to higher interest rates, while performance from our savings products was in line with the prior year.

Earlier this month, Saga Money launched two new products designed to support our customers with a broader range of their financial needs. These included a range of fixed rate savings accounts in partnership with Flagstone and legal services supported by the Co-op such as wills, probate and lasting powers of attorney.

Step 2

The second step of our growth plan is focused on reducing our levels of debt while scaling the business in a capital-light way, both of which are key to our long-term success.

At 31 July 2023, our Net Debt[1] was £657.4m, or £63.9m lower than 31 July 2022 and £54.3m lower than at 31 January 2023. This included Available Cash[1] of £180.7m at the same date, after £31.1m of capital repayments on our two ocean cruise ships.

As we have previously indicated, we conducted a sales process for the Insurance Underwriting business and, as part of that, we were able to establish terms for the sale. Given the current conditions within motor insurance, the Board believes that there is an opportunity to generate greater value once the market improves, however, we will continue to evaluate our options.

We expect to repay the £150m bond due in May 2024 from a combination of Available Cash[1] and drawdown of the loan facility with Roger De Haan. In addition to the existing £50m available under the terms of the agreement, the Group has agreed an amendment to provide a further £35m, alongside an extension to the maturity date. To provide further financial flexibility in the medium term, we have identified a series of actions which will reduce the Group's central operating expenses by at least £15m per year, while also rephasing investment in some of our newer businesses.

Step 3

The third step in our growth plan is focused on positioning Saga to deliver long-term sustainable growth through increasing the frequency and quality of interaction with our customers through data-driven insight.

As part of this, the role of data and increasing the number of customers we are able to engage with is essential. Our lifetime value model is built and operational; and we are now capturing customer email addresses for all interactions through our website, which equates to around 17m unique visitors per year. We have also completed pilots for a new cross-sell journey.

Saga Media is supporting this ambition, with the digital newsletter now reaching 750k readers three times a week and the Saga Magazine distributed to over 129k subscribers each month.

As a measure of the strength of the Saga brand, we closely monitor Group customer tNPS which represents the willingness of our customers to recommend Saga products and services to their family, friends and colleagues. In the year to date, our tNPS was 62, a 1pt increase when compared with the same period in the previous year.

Looking ahead to the full year

The progress made in the year to date would not have been possible without our customers, investors, partners, communities and colleagues. I would, therefore, like to take this opportunity to thank you all for your ongoing support.

Turning to the remainder of the year, we are focused on continuing to deliver exceptional experiences for our customers, further reducing our debt and driving significant double-digit growth in underlying profitability.

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[1] Refer to the Alternative Performance Measures Glossary for definition and explanation

[2] The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'

[3] tNPS for Ocean and River Cruise is not directly comparable with the prior year following the introduction of additional guest surveys

Group Chief Financial Officer's Review

The Group has reported an Underlying Profit Before Tax[1] of £8.0m for the first half of the year, under the new accounting standard for insurance, International Financial Reporting Standard (**IFRS**) 17, compared to a restated £14.6m in the prior period. On the same basis as previous reporting, Underlying Profit Before Tax[1] was £13.4m, compared to the £14.0m we had previously reported for the first half of the prior year.

The reasons for the negative impact of IFRS 17 on profit this half year, compared to a largely neutral impact in the prior period, are fairly technical in nature. This is mainly due to slightly different accounting for insurance claims settled via ongoing annuity payments, known as Periodical Payment Orders (**PPOs**), as well as the fact that, under IFRS 17, we are required to discount recoveries due under quota share reinsurance arrangements. None of this has any fundamental impact on how we see the economics of the business, or its profit drivers, and, on an ongoing basis, we would not expect results to be materially different between IFRS 17 and the previous standard.

In terms of overall performance and in line with expectations we set as part of our full year results announcement, the very different market dynamics in our two main businesses are evident in our results. In terms of the positives, Cruise and Travel continued to recover from the pandemic, and the first half of this year has seen a return to normal trading. Travel and Cruise combined returned to profit, with an £11.6m loss in the first half of 2022/23 reversing to a profit of £11.8m in the first half of 2023/24. Seasonality effects mean that we expect a much higher level of profit in the second half of 2023/24, as roughly 60% of Travel revenue is generated in that period, and we expect a H2 Ocean Cruise load factor of at least 87% compared with 83% in the first half.

In relation to Insurance, market conditions have continued to be difficult, with continued very high claims inflation putting pressure on the Underwriting business, Acromas Insurance Company Limited (**AICL**). Over the past 12 months, AICL has materially repriced its book, with average rate increases of over 60%. As we recognise premiums over the life of the policy, however, this means that these rate increases will not be fully included in revenue until next year and this is why current profitability remains under significant pressure. Equally, the significant increases in rates from AICL and other motor panel members have squeezed the profitability of our Broking division, accentuated by the fact that over 40% of the total motor book benefits from a three-year fixed-price guarantee. This is why our average margin across motor and home of £56 per policy in the first half is slightly below our target range of around £60 per policy. These pressures are not anticipated to reduce in the second half, with the motor market likely to remain challenging into 2024/25 and this is the main reason we have taken a further impairment of Insurance Broking goodwill of £68.1m for the first half of 2023/24. In assessing this impairment, we weighted our assumptions towards what we view as prudent downside assumptions as to future Broking cash flows.

While this has not been an easy period for either Insurance Broking or Underwriting, the issues are mainly confined to motor, with home, travel and PMI performing in line with expectations. In addition, the three-year fixed-price challenge is relatively short-term as all policies will be repriced to current levels within two years; we are also pricing three-year fixed-price policies on a prudent basis that should, over time, be positive for margins. Finally, from an Underwriting perspective, we have taken the necessary pricing action and claims trends now appear to be stabilising.

Partly in response to the pressure on Insurance earnings, we have recently launched a programme to reduce costs, particularly focused on central functions, and a move to a more devolved approach for core business units. We expect the run rate of Central Costs to reduce by at least £15m per annum, with a smaller improvement in the current year. Given these efficiencies and the seasonality of Cruise and Travel earnings, Underlying Profit Before Tax[1] for the full year is expected to be significantly higher than in 2022/23, whether calculated under IFRS 4 or under IFRS 17.

In terms of our balance sheet, Net Debt[1] reduced by 8% from £711.7m at 31 January 2023 to £657.4m at 31 July, supported in the first half by an exceptionally high level of cash generation from Cruise and Travel, which more than offset lower cash generation from Insurance Broking and reduced AICL dividends. Cruise and Travel operating cash flow increased from £0.3m in the first half of 2022/23 to £73.0m in the first half of 2023/24. While partly due to improving profitability, the first half was also boosted by two working capital effects - a one-off release of cash from our ring-fenced River Cruise and Travel operations, as we moved from a 100% trust to a 70% escrow arrangement, and a recovery in Ocean Cruise advance receipts, which is somewhat seasonal in nature. While we still expect second half Cruise and Travel cash flow to be positive, it will be much lower than in the first half.

As a result of the seasonality of Cruise and Travel cash flows and restructuring costs we will incur in connection with the new Group operating model, we expect full year Net Debt[1] to be slightly higher than at the half year, but still significantly below where we started the year. When combined with the positive outlook for Cruise and Travel businesses, lower-cost central functions and with the increase in the loan facility with Roger De Haan from £50m to £85m, we are very confident that we will be able to repay the £150m bond due in May 2024 from Available Cash[1]. We expect to retain a healthy level of working capital post the bond repayment, supported by the £85m Roger De Haan loan facility as well as the £50m revolving credit facility (**RCF**). This will also give Saga a platform to continue deleveraging the business and supporting future core business opportunities.

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[1] Refer to the Alternative Performance Measures Glossary for definition and explanation

Operating performance

Group income statement

£m	**Unaudited 6m to July 2023**	*Change*	**Unaudited 6m to July 2022 (restated)**
Revenue[2]	**355.3**	*14.7%*	**309.8**

Underlying Profit Before Tax[3]			
Cruise and Travel	11.8	*201.7%*	(11.6)
Insurance Broking (earned)	23.8	*(35.1%)*	36.7
Insurance Underwriting	(3.6)	*(122.8%)*	15.8
Total Insurance	20.2	*(61.5%)*	52.5
Other Businesses and Central Costs	(12.5)	*16.7%*	(15.0)
Net finance costs[4]	(11.5)	*(1.8%)*	(11.3)
Underlying Profit Before Tax[3]	**8.0**	***(45.2%)***	**14.6**
Impairment of Insurance goodwill	(68.1)		(269.0)
Other exceptional items	(17.7)		(7.4)
Loss before tax	**(77.8)**	***70.3%***	**(261.8)**
Tax credit/(expense)	6.8	*251.1%*	(4.5)
Loss after tax	**(71.0)**	***73.3%***	**(266.3)**
Basic earnings/(loss) per share:			
Underlying Earnings Per Share[3]	1.7p	*(62.2%)*	4.5p
Loss per share	(50.9p)	*73.4%*	(191.3p)

The Group's business model is based on providing high-quality and differentiated products to its target demographic, predominantly focused on cruise, travel and insurance. The Cruise and Travel business comprises Ocean Cruise, River Cruise and Travel. The Insurance business operates mainly as a broker, sourcing underwriting capacity from selected third-party insurance companies, and, for motor and home, also from the Group's in-house underwriter. Other Businesses comprises Saga Money, Saga Media, Saga Insight and CustomerKNECT, a mailing and printing business.

Revenue[2]

Revenue[2] increased by 14.7% to £355.3m (H1 2022: £309.8m) due to increased trading in the Cruise and Travel businesses in the first half of the year as customer confidence towards Cruise and Travel returned to pre-pandemic levels.

Underlying Profit Before Tax[3]

The Group generated a total Underlying Profit Before Tax[3] of £8.0m in the first half of the current year compared to £14.6m in the first half of the prior year. This is primarily due to a £12.9m reduction in Insurance Broking profitability due to difficult trading conditions within motor and a £19.4m reduction in Insurance Underwriting profitability due to lower changes to liabilities for prior year incurred claims and an increased current year loss ratio. This was broadly offset by a £23.4m improvement in Cruise and Travel, moving from an £11.6m loss to an £11.8m profit, of which £19.8m relates to the Ocean Cruise business.

Net finance costs[4] in the period were £11.5m (H1 2022: £11.3m), which excludes finance costs that are included within the Cruise and Travel businesses of £9.7m (H1 2022: £9.6m) and Insurance Underwriting business of £6.5m (H1 2022: £1.3m).

Loss before tax

The loss before tax for the period of £77.8m includes a £68.1m impairment to Insurance Broking goodwill and other exceptional items of £17.7m consisting of:

- restructuring costs of £5.9m;
- onerous contract provisions of £9.2m on three-year fixed-price policies and on insurance contracts under IFRS 17;
- fair value loss on debt securities of £4.8m;
- a £3.1m positive change in discount rate on non-PPO insurance liabilities;
- arrangement fee on the unsecured loan facility with Roger De Haan of £1.0m;
- a £0.1m acquisition cost on the purchase of The Big Window Consulting Limited;
- fair value losses of £0.9m on derivatives de-designated in the period;
- foreign exchange gains on river cruise ship leases of £0.6m; and
- a positive IFRS 16 adjustment of £0.5m on river cruise ships.

The loss before tax in the prior period of £261.8m includes a £269.0m impairment to Insurance goodwill and other exceptional items of £7.4m including:

- restructuring costs of £2.1m;
- an onerous contract provision of £0.9m on insurance contracts under IFRS 17;
- fair value loss on debt securities of £6.9m;
- a £2.9m positive change in discount rate on non-PPO insurance liabilities;
- acquisition costs on the purchase of The Big Window Consulting Limited of £0.6m;
- fair value gain on derivatives de-designated in the period of £0.9m;
- foreign exchange loss on river cruise ship leases of £0.3m; and
- a negative IFRS 16 adjustment of £0.4m on river cruise ships.

Tax

The Group's tax credit for the period was £6.8m (H1 2022: £4.5m expense), representing a tax effective rate of 70.1% (H1 2022: 62.5%), excluding the Insurance goodwill impairment charge. In both the current and prior periods, the difference between the Group's tax effective rate and the standard rate of corporation tax, was mainly due to the Group's Ocean Cruise business being in the tonnage tax regime.

There was also an adjustment in the current period for the over-provision of prior year tax of £1.2m (H1 2022: £1.6m under-provision). Excluding the impact of the Ocean Cruise business being in the tonnage tax regime, the Insurance goodwill impairment and adjustments to prior year tax, the tax effective rate for the current period is 25.6%.

Earnings/(loss) per share

The Group's Underlying Basic Earnings Per Share[3] was 1.7p (H1 2022: 4.5p). The Group's reported basic loss per share was 50.9p (H1 2022: loss of 191.3p).

Effect of IFRS 17 on profit before tax

£m	Unaudited 6m to 31 July 2023	*Change*	Unaudited 6m to 31 July 2022
Underlying Profit Before Tax (Under Previous IFRS)[3]	13.4	*(0.6)*	14.0
New approach to reserve margin	(1.8)	*(0.7)*	(1.1)
Change in valuation of PPO reserves *(other than due to margin)*	(1.6)	*0.2*	(1.8)
Discounting of non-PPO reserves *(other than change in discount rate)*	(4.0)	*(4.3)*	0.3

Discounting of non-PPO reserves *(other than change in discount rate)*	(4.0)	*(4.3)*	0.3
Effect of expensing insurance acquisition costs when incurred	1.0	*(0.6)*	1.6
Other individually immaterial adjustments	1.0	*(0.6)*	1.6
Impact of IFRS 17 on Underlying Profit Before Tax[3]	(5.4)	*(6.0)*	0.6
Underlying Profit Before Tax[3]	**8.0**	***(6.6)***	**14.6**

For the period ended 31 July 2023, the transition to IFRS 17 resulted in an Underlying Profit Before Tax[3] reduction of £5.4m, compared with a £0.6m benefit for the same period in the prior year.

The material movements between the IFRS 17 impact on Underlying Profit Before Tax[3] across the two periods are detailed below:

- £4.3m negative impact arising from the discounting of non-PPO reserves which, under previous IFRS, were not subject to discounting. The negative impact in the current year largely arises from the increase in recoveries under the quota share reinsurance agreement, with these recoveries discounted over a longer duration than that of the underlying claims. This did not represent a significant impact in the prior period.
- The new approach to reserve margin adjusts for differences in reserving between IFRS 4 and IFRS 17. Specifically, management margins included within IFRS 4 results are reversed, while new provisions for events not in data (**ENIDs**) and risk adjustment are included under IFRS 17. In the first half of 2023/24, the reversal of the change in management margins reduced IFRS 17 profit by £5.1m and this was partially offset by a reduction in ENIDs of £2.0m and a reduction in the risk adjustment of £1.3m, net of reinsurance.
- The impact of expensing insurance acquisition costs when incurred, produced a benefit to Underlying Profit Before Tax[3] in both the current, and prior periods. This is due to decreasing acquisition costs linked to lower sales of AICL-underwritten policies. The £0.6m movement, when compared to the prior period, reflects a slow-down of that trend.

£m	**Unaudited 6m to 31 July 2023**	*Change*	**Unaudited 6m to 31 July 2022**
Loss before tax (under previous IFRS)	(66.7)	*190.8*	(257.5)
Impact of IFRS 17 on Underlying Profit Before Tax[3]	(5.4)	*(6.0)*	0.6
Impact of discount rate change on non-PPO reserves	3.1	*0.2*	2.9
Fair value losses on investments	(4.8)	*2.1*	(6.9)
Net expense from onerous contracts	(4.0)	*(3.1)*	(0.9)
Loss before tax	**(77.8)**	***184.0***	**(261.8)**

In the six months ended 31 July 2023, the adoption of IFRS 17 increased the loss before tax by £11.1m (H1 2022: £4.3m). The most material reasons for this are as follows:

- £5.4m arising from the movements in Underlying Profit Before Tax[3] described above.
- £4.0m in relation to the provision for onerous contracts. The higher provision is due to a combination of an increase in contracts that are onerous at initial recognition (primarily due to renewals in years two and three of three-year fixed-price policies) and an upwards revaluation of the existing provision due to prolonged claims inflation.
- £4.8m reduction in the value of investments backing claims liabilities, largely offset by the related increase in the discount rate used to value claims liabilities, which was a £3.1m benefit.

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[2] Revenue is stated net of ceded reinsurance premiums earned on business underwritten by the Group of £8.0m (H1 2022: £7.3m) less £5.2m onerous contract provision (H1 2022: nil)

[3] Refer to the Alternative Performance Measures Glossary for definition and explanation

[4] Net finance costs exclude Cruise, Travel and Insurance Underwriting finance costs and net fair value gains/(losses) on derivatives

Cruise and Travel

	Unaudited 6m to July 2023					**Unaudited 6m to July 2022**			
£m	**Ocean Cruise**	**River Cruise**	**Travel**	**Total Cruise and Travel**	*Change*	**Ocean Cruise**	**River Cruise**	**Travel**	**Total Cruise and Travel**
Revenue	**103.8**	**23.4**	**69.7**	**196.9**	***44.6%***	**75.7**	**16.5**	**44.0**	**136.2**
Gross profit	**36.1**	**6.5**	**13.6**	**56.2**	***170.2%***	**11.9**	**1.3**	**7.6**	**20.8**
Marketing expenses	(6.5)	(2.8)	(5.4)	(14.7)	*(56.4%)*	(4.7)	(1.6)	(3.1)	(9.4)
Other operating expenses	(7.0)	(2.2)	(10.9)	(20.1)	*(50.0%)*	(4.8)	(1.8)	(6.8)	(13.4)
Investment return	-	-	0.1	0.1	*100.0%*	-	-	-	-
Finance costs	(9.7)	-	-	(9.7)	*(1.0%)*	(9.3)	-	(0.3)	(9.6)
Underlying Profit/(Loss) Before Tax[5]	**12.9**	**1.5**	**(2.6)**	**11.8**	***201.7%***	**(6.9)**	**(2.1)**	**(2.6)**	**(11.6)**
Average revenue per passenger (£)	4,325	2,600	2,681	3,337	*5.4%*	4,731	2,750	2,095	3,167
Ocean Cruise passengers ('000)	24.3			24.3	*50.0%*	16.2			16.2
Ocean Cruise load factor	83%			83%	*17ppts*	66%			66%
Ocean Cruise per diem (£)	333			333	*4.7%*	318			318
River Cruise passengers ('000)		8.6		8.6	*34.4%*		6.4		6.4
River Cruise load factor		83%		83%	*n/a*		n/a		n/a
River Cruise per diem (£)		296		296	*n/a*		n/a		n/a
Travel passengers ('000)			25.7	25.7	*24.8%*			20.6	20.6

Ocean Cruise

The Ocean Cruise business owns two ocean cruise ships, Spirit of Discovery and Spirit of Adventure.

In the first half of the year, the business returned to fully operational conditions for the first time since the pandemic and achieved a load factor of 83% (H1 2022: 66%) and a per diem of £333 (H1 2022: £318). These two factors, when combined, equated to revenue growth of 37.1% and resulted in a return to profitability from an Underlying Loss Before Tax[5] of £6.9m to an

Underlying Profit Before Tax[5] of £12.9m, an improvement of 287.0%.

In the first half of the prior year, there were some adverse impacts on a small number of cruises due to COVID-19, while the conflict in Ukraine dampened customer demand for departures to the Baltics and Black Sea, resulting in late itinerary changes and some limited cancellations.

River Cruise

The River Cruise business has 10-year leases in place for two boutique river cruise ships, Spirit of the Rhine and Spirit of the Danube, alongside other charters which are largely managed on an annual basis.

In the first half of the year, the business returned to more normal operating conditions. For 2023/24, the Cruise team have aligned management information for the River Cruise business to the Ocean Cruise business so load factor and per diems are now key performance indicators for River Cruise. The business achieved a load factor of 83% and a per diem of £296. This resulted in revenue growth of 41.8% and a return to profitability from an Underlying Loss Before Tax[5] of £2.1m to an Underlying Profit Before Tax[5] of £1.5m.

In the prior period, although the business was operating, both the Omicron variant of COVID-19, and the conflict in Ukraine, impacted the number of passengers travelling, due to continued customer caution in relation to Central Europe.

Travel

The Travel business, which includes both the Saga Holidays and Titan brands, has seen increased volumes compared to the prior period, with passenger numbers increasing from 20.6k to 25.7k.

This has led to an Underlying Loss Before Tax[5] of £2.6m which is comparable to the first half of last year with the increase in revenue of 58.4% being offset by increases to both marketing and operating expenses as the business returns to a more normal operating environment. The September to October period in the second half is where the majority of the business's profit arises, as these are peak travel months for our customers. The Travel business remains on track to return to an Underlying Profit Before Tax[5] for the full year.

In the first half of the prior year, the recovery in volumes was impacted by a level of disruption from a variety of factors, including operational challenges faced by airlines and airports.

Forward Cruise and Travel sales

Ocean Cruise load factors for 2023/24 are ahead of the same point last year for 2022/23 by 12ppts. This is due to the business being fully operational for the first time since the pandemic with significant demand for the Ocean Cruise product particularly in the summer months where load factors are above 90%. The per diem for 2023/24 is 4.1% higher than the same point last year for 2022/23 as the Group has reflected the inflationary impact on operating costs in customer pricing.

Ocean Cruise load factors for 2024/25 are ahead of the same point last year for 2023/24 by 6ppts. The per diem for 2024/25 is 10.1% higher than the same point last year for 2023/24.

River Cruise revenue and passengers booked for 2023/24 are ahead of the same point last year for 2022/23 by 52.5% and 42.7% respectively, reflecting an 85% load factor and £285 per diem. This is due to increased customer demand for 2023/24 compared to customer caution in respect of Central Europe in 2022/23.

River Cruise revenue and passengers booked for 2024/25 are ahead of the same point last year for 2023/24 by 40.3% and 31.1% respectively. Load factor and per diems for 2024/25 are 30% and £321 respectively.

Travel bookings for 2023/24 are ahead at the same point last year for 2022/23 by 45.9% and 27.3% for revenue and passengers respectively. The increased revenue is due in part to higher passengers but also increases in operating costs being incorporated in customer pricing and a move towards a higher revenue, higher margin product range. The increase in passengers is due to higher uptake of long-haul travel within our Titan brand as customer confidence returns.

Travel bookings for 2024/25 are ahead of the same point last year for 2023/24 by 14.6% for revenue and 7.2% for passengers.

	Current year departures			**Next year departures**		
	24 September 2023	**Change**	**25 September 2022**	**24 September 2023**	**Change**	**25 September 2022**
Ocean Cruise revenue (£m)	206.3	26.9%	162.6	124.1	23.1%	100.8
Ocean Cruise load factor	86%	12ppts	74%	49%	6ppts	43%
Ocean Cruise per diem (£)	332	4.1%	319	359	10.1%	326
River Cruise revenue (£m)	43.3	52.5%	28.4	16.7	40.3%	11.9
River Cruise passengers ('000)	16.7	42.7%	11.7	5.9	31.1%	4.5
River Cruise load factor	85%	n/a	n/a	30%	n/a	n/a
River Cruise per diem (£)	285	n/a	n/a	321	n/a	n/a
Travel revenue (£m)	155.8	45.9%	106.8	67.5	14.6%	58.9
Travel passengers ('000)	57.8	27.3%	45.4	19.4	7.2%	18.1

5 Refer to the Alternative Performance Measures Glossary for definition and explanation

Insurance

Insurance Broking

The Insurance Broking business provides tailored insurance products and services, principally motor, home, private medical and travel insurance.

Its role is to price the policies and source the lowest cost of risk, whether through the panel of motor and home underwriters or through solus arrangements for private medical and travel insurance. The Group's in-house insurer, AICL, sits on the motor and home panels and competes for that business with other panel members on equal terms. AICL offers its underwriting capacity on the home panel through a coinsurance deal with a third party, and so the Group takes no underwriting risk for that product. Even if underwritten by a third party, the product is presented as a Saga product and the Group manages the customer relationship.

	Unaudited 6m to July 2023					**Unaudited 6m to July 2022 (restated)**			
£m	**Motor Broking**	**Home Broking**	**Other Broking**	**Total**	***Change***	**Motor Broking**	**Home Broking**	**Other Broking**	**Total**
Gross written premiums (**GWP**):									
Broked	61.9	78.3	70.0	210.2	*17.6%*	45.3	71.9	61.6	178.8
Underwritten	86.9	-	1.7	88.6	*(10.4%)*	97.1	-	1.8	98.9
GWP	148.8	78.3	71.7	298.8	*7.6%*	142.4	71.9	63.4	277.7
Broker revenue	4.7	12.1	23.3	40.1	*(27.1%)*	22.0	11.9	21.1	55.0
Instalment revenue	1.7	1.6		3.3	*10.0%*	1.5	1.5		3.0

Instalment revenue	1.7	1.6	-	3.3	*10.0%*	1.5	1.5	-	3.0
Add-on revenue	4.2	4.9	-	9.1	*(7.1%)*	4.6	5.2	-	9.8
Other revenue	13.4	8.1	(1.2)	20.3	*(8.1%)*	13.2	8.6	0.3	22.1
Written revenue	**24.0**	**26.7**	**22.1**	**72.8**	***(19.0%)***	**41.3**	**27.2**	**21.4**	**89.9**
Written gross profit	**20.7**	**26.7**	**25.8**	**73.2**	***(17.7%)***	**38.1**	**27.2**	**23.6**	**88.9**
Marketing expenses	(5.1)	(2.6)	(3.2)	(10.9)	*12.1%*	(6.6)	(3.4)	(2.4)	(12.4)
Written gross profit after marketing expenses	**15.6**	**24.1**	**22.6**	**62.3**	***(18.6%)***	**31.5**	**23.8**	**21.2**	**76.5**
Other operating expenses	(18.3)	(15.5)	(10.3)	(44.1)	*(11.6%)*	(17.6)	(13.5)	(8.4)	(39.5)
Written Underlying (Loss)/Profit Before Tax[6]	**(2.7)**	**8.6**	**12.3**	**18.2**	***(50.8%)***	**13.9**	**10.3**	**12.8**	**37.0**
Written to earned adjustment	5.6	-	-	5.6		(0.3)	-	-	(0.3)
Earned Underlying Profit Before Tax[6]	**2.9**	**8.6**	**12.3**	**23.8**	***(35.1%)***	**13.6**	**10.3**	**12.8**	**36.7**
Policies in force	754k	634k	208k	1,596k	*(5.4%)*	840k	658k	189k	1,687k
Policies sold	385k	323k	111k	819k	*(6.4%)*	433k	333k	109k	875k
Third-party panel share[7]	38.9%				*11.2ppts*	27.7%			

Insurance Broking Underlying Profit Before Tax[6] on a written basis (which excludes the impact of the written to earned adjustment deferring the revenue on policies underwritten over the term of the policy) decreased to £18.2m from £37.0m. On an earned basis (which includes the impact of the written to earned adjustment), Underlying Profit Before Tax[6] decreased to £23.8m from £36.7m.

A key metric for the Insurance Broking business is written gross profit, after deducting marketing expenses, but before deducting overheads. This reduced from £76.5m in the prior period to £62.3m in the current period due mainly to lower renewal volumes and margins on motor business. The fall of £15.9m in written gross profits after marketing expenses in motor was partially offset by a £0.3m and £1.4m improvement in Home and Other Broking respectively. The improvement in Other Broking was mainly due to a one-off payment from Bupa on private medical insurance (**PMI**) as part of the agreed terms for migrating the book from AXA.

For motor and home insurance, in terms of the total gross margin after marketing expenses, new business profits increased by £0.8m, while there was a £16.4m reduction in renewal profits.

The reduction in profitability of the motor business is attributable to significant inflationary pressures on the net rates charged by the Broking division's panel partners, which have increased at a faster pace than the price that can be charged to consumers in a competitive marketplace. This has been accentuated by the fact that a significant number of motor policies are on three-year fixed-price deals, which fixes the price to the customer for two renewals. Lower new business volumes in the prior year have also led to an 11% reduction in the level of renewal volumes in the current year.

The three-year fixed-price product remains important, with 319k policies sold in the period, 45% of total motor and home policies, with 30% of direct new business customers taking the product despite cost of living pressures. The Group remains of the view that this product is highly attractive to our customer base, and while current profitability has been impacted by high industry inflation, this is a short-term challenge as all policies will have been repriced by the middle of 2025 at the latest. Inflation for the three-year fixed-price home product is within expectations.

The challenging motor environment led to the average gross margin per policy for motor and home combined, calculated as written gross profit less marketing expenses, divided by the number of policies sold, reducing to £56.1 in the current period, compared with £72.2 in the prior period.

In addition, while customer retention improved from 83% to 84%, overall motor and home policies in force decreased by 7% compared to 31 July 2022 and direct new business sales reduced by 4ppts to 46% as the Group rebalanced volumes and renewals towards price-comparison website distribution channels.

Written profit and gross margin per policy for motor and home are stated after allowing for deferral of part of the revenues from three-year fixed-price policies, which is then recognised in profit or loss when the option to renew those policies at a predetermined fixed price is exercised or lapses, recognising inflation risk inherent in these products. As at 31 July 2023, £11.1m (H1 2022: £9.1m) of income had been deferred in relation to three-year fixed-price policies, £4.5m (H1 2022: £3.9m) of which related to income written in the period to 31 July 2023.

Motor Broking

Gross written premiums increased by 4.5% due to a 17.5% increase in average premiums, partially offset by a 11.1% decrease in core policies sold. Gross written premiums from business underwritten by AICL decreased 10.5% to £86.9m (H1 2022: £97.1m) due to a 24.5% decrease in core policies sold that were underwritten by AICL, offset by a 18.6% increase in average premiums.

Written gross profit minus marketing expenses was £15.6m (H1 2022: £31.5m), contributing £40.5/policy (H1 2022: £72.7/policy). The decrease in written gross profits and margin per policy is mainly due to the adverse impact of inflation on motor renewal profitability.

Home Broking

Gross written premiums increased by 8.9% due to a 12.3% increase in average premiums, partially offset by a 3.0% reduction in core policies sold.

Written gross profit minus marketing expenses was £24.1m (H1 2022: £23.8m) and, on a per policy basis, this was £74.6/policy (H1 2022: £71.5/policy). The increase in new business margins was offset by lower renewal margins and a 3.9% decrease in renewal policies sold.

Other Broking

The Other Insurance Broking business primarily comprises PMI and travel insurance.

Gross written premiums increased 13.1% as a result of higher average premiums on travel insurance policies, with policy sales broadly stable at 86k (H1 2022: 84k).

Gross profits after marketing costs relating to travel insurance products increased by £0.8m.

While sales of the PMI product were stable, gross profit after marketing costs was £1.3m higher. This increase is mainly due to a one-off payment from Bupa as part of the agreed terms for migrating the book from AXA.

Insurance Underwriting

£m		Unaudited 6m to July 2023				Unaudited 6m to July 2022 (restated)		
		Gross	**Re-insurance**	**Net**	***Gross change***	**Gross**	**Re-insurance**	**Net**
Insurance revenue	**A**	**78.5**	**(8.0)**	**70.5**	***(4.2%)***	**81.9**	**(7.3)**	**74.6**
Incurred claims (current year claims)	**B**	(91.5)	19.2	(72.3)	*(16.9%)*	(78.3)	5.4	(72.9)
Claims handling costs in	**C**	(7.9)	-	(7.9)	*(16.2%)*	(6.8)	-	(6.8)

relation to incurred claims	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]
Changes to liabilities for incurred claims (prior year claims)	**D**	8.6	7.4	16.0	*(54.5%)*	18.9	7.7	26.6
Other incurred insurance service expenses	**E**	(7.7)	-	(7.7)	-	(7.7)	-	(7.7)
Insurance service result		**(20.0)**	**18.6**	**(1.4)**	***(350.0%)***	**8.0**	**5.8**	**13.8**
Net finance (expense)/income from (re)insurance (excludes impact of change in discount rate on non-PPO liabilities)		(12.9)	6.4	(6.5)		1.4	(2.7)	(1.3)
Investment return (excludes fair value gains/losses on debt securities)		4.3	-	4.3	*30.3%*	3.3	-	3.3
Underlying (Loss)/Profit Before Tax[6]		**(28.6)**	**25.0**	**(3.6)**	***(325.2%)***	**12.7**	**3.1**	**15.8**
Reported loss ratio	**(B+D)/A**	105.6%		79.9%	*(33.1ppt)*	72.5%		62.1%
Expense ratio	**(C+E)/A**	19.9%		22.1%	*(2.2ppt)*	17.7%		19.4%
Reported combined operating ratio (**COR**)	**(B+C+D+E)/A**	125.5%		102.0%	*(35.3ppt)*	90.2%		81.5%
Current year COR	**(B+C+E)/A**	136.4%		124.7%	*(23.1ppt)*	113.3%		117.2%
Number of earned policies		278k			*(17.6%)*	337k		
Policies in force - Saga motor		462k			*(22.9%)*	599k		

The Group's in-house underwriter, AICL, underwrites over 60% of the motor business sold by Insurance Broking, alongside a smaller proportion of business on other panels. Alongside this, AICL underwrites a portion of Saga's home panel, although all home underwriting risk is passed to third-party insurance and reinsurance providers. AICL also has excess of loss and funds-withheld quota share reinsurance arrangements in place relating to its motor underwriting line of business, which transfer a significant proportion of motor insurance risk to third-party reinsurers.

In line with the wider market, AICL has experienced a prolonged period of elevated claims inflation which, in the six months to 31 July 2023, was estimated at around 15%. In response to this, material price increases have been applied over the past 12 months, however, these take time to fully flow through to insurance revenue.

Gross insurance revenue, in the first half of the year, decreased by 4.2% to £78.5m (H1 2022: £81.9m) reflecting a 17.6% reduction in the number of earned policies underwritten by AICL, particularly those underwritten for Saga as opposed to other panels. This was only partially offset by the 16.2% increase in average earned premiums.

While claims trends in the first half of 2022/23 were somewhat adverse to expectations, inflationary pressures really started to accelerate from mid-2022 onwards. Results for the second half of the year were heavily impacted by these pressures, as well as from an increased frequency of large losses. These trends have continued into the first half of 2023/24, albeit with some moderation in large loss frequency and with pricing actions over the past 12 months now starting to benefit revenues.

The above factors, when combined, result in an increased current year gross COR of 136.4% (H1 2022: 113.3%), however, after allowing for reinsurance arrangements, this reduces to 124.7% (H1 2022: 117.2%).

Following the increases applied over the past year, pricing now reflects recent, and emerging trends, and, as a result, the COR is expected to reduce over time as these higher prices flow through to the result.

Changes to liabilities for incurred claims reduced from a positive £26.6m in the prior period to £16.0m in the current year result. This is in line with previous indications that we expected lower run-off emergence in future. The net finance expense line includes the unwind of the discount of opening claims liabilities, which materially increased in the prior period due to the increase in the claims discount rate over the last 12 months. This also includes modest adjustments to the valuation of PPO liabilities, which were a net £1.8m expense in the first half of 2023/24 compared with a £0.2m positive in the prior period.

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6 Refer to the Alternative Performance Measures Glossary for definition and explanation

7 Third-party underwriter's share of the motor panel for policies

Other Businesses and Central Costs

	Unaudited 6m to July 2023				Unaudited 6m to July 2022 (restated)		
£m	**Other Businesses**	**Central Costs**	**Total**	*Change*	**Other Businesses**	**Central Costs**	**Total**
Revenue:							
Money	3.7	-	3.7	*(9.8%)*	4.1	-	4.1
Media and CustomerKNECT	5.8	-	5.8	*13.7%*	5.1	-	5.1
Insight	0.5	-	0.5	*100.0%*	-	-	-
Other	-	-	-	*(100.0%)*	-	0.8	0.8
Total revenue	**10.0**	**-**	**10.0**	**-**	**9.2**	**0.8**	**10.0**
Gross profit	**4.2**	**2.5**	**6.7**	***(5.6%)***	**4.2**	**2.9**	**7.1**
Operating expenses	(6.4)	(15.1)	(21.5)	*3.6%*	(3.8)	(18.5)	(22.3)
Investment income	-	2.3	2.3		-	0.2	0.2
Net finance costs	-	(11.5)	(11.5)	*(1.8%)*	-	(11.3)	(11.3)
Underlying (Loss)/Profit Before Tax[8]	**(2.2)**	**(21.8)**	**(24.0)**	***8.7%***	**0.4**	**(26.7)**	**(26.3)**

The Group's Other Businesses include Saga Money, Saga Media, Saga Insight and CustomerKNECT.

Underlying Profit Before Tax[8] for Other Businesses combined has decreased by £2.6m from £0.4m to an Underlying Loss Before Tax[8] of £2.2m, due to net investments of £2.2m across Saga Money, Saga Media and Saga Insight. In addition, revenue in Saga Money has decreased by £0.4m due to a challenging equity release market.

Central operating expenses decreased to £15.1m (H1 2022: £18.5m). Gross administration costs, before Group recharges, decreased by £2.3m in the period, mainly as a result of lower property costs following the closure of the Group's offices and net costs decreased by £3.4m due to higher Group recharges to the business units.

Net finance costs in the period were £11.5m (H1 2022: £11.3m), which excludes finance costs that are included within the Cruise and Travel businesses of £9.7m (H1 2022: £9.6m) and Insurance Underwriting business of £6.5m (H1 2022: £1.3m).

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8 Refer to the Alternative Performance Measures Glossary for definition and explanation

Cash flow and liquidity

Available Operating Cash Flow

£m	Unaudited 6m to July 2023	*Change*	Unaudited 6m to July 2022 (restated)
Insurance Broking Trading EBITDA[9]	27.5	*(31.3%)*	40.0
Other Businesses and Central Costs Trading EBITDA[9]	(10.0)	*18.0%*	(12.2)
Trading EBITDA[9,10] from unrestricted businesses	**17.5**	***(37.1%)***	**27.8**
Dividends paid by Insurance Underwriting business	7.0	*(53.3%)*	15.0
Working capital and non-cash items	(0.7)	*85.1%*	(4.7)
Capital expenditure funded with Available Cash[9]	(10.9)	*(58.0%)*	(6.9)
Available Operating Cash Flow[9] before cash repayment from/(injection into) Cruise and Travel operations	**12.9**	***(58.7%)***	**31.2**
Cash repayment from/(injection into) River Cruise and Travel businesses	26.0	*306.3%*	(12.6)
Ocean Cruise Available Operating Cash Flow[9]	47.0	*264.3%*	12.9
Available Operating Cash Flow[9]	**85.9**	***172.7%***	**31.5**
Restructuring costs	(4.8)	*(585.7%)*	(0.7)
Interest and financing costs	(21.3)	*(13.3%)*	(18.8)
Business acquisitions	-	*100.0%*	(0.9)
Tax receipts	0.3	*(87.5%)*	2.4
Other payments	(5.8)	-	(5.8)
Change in cash flow from operations	54.3	*605.2%*	7.7
Change in ship debt	(31.1)	*(103.3%)*	(15.3)
Cash at 1 February	157.5	*(15.6%)*	186.6
Available Cash[9] at 31 July	**180.7**	***0.9%***	**179.0**

Available Operating Cash Flow[9] is made up of the cash flows from unrestricted businesses and the dividends paid by restricted companies, less any cash injections to those businesses. Unrestricted businesses include Insurance Broking (excluding specific ring-fenced funds to satisfy FCA regulatory requirements), Other Businesses and Central Costs, and the Group's Ocean Cruise business. Restricted businesses include AICL, River Cruise and Travel.

Excluding cash transfers to and from the Cruise and Travel businesses, the Group continued to be cash generative in the period, with an Available Operating Cash Flow[9] of £12.9m compared with £31.2m in the prior period. Trading EBITDA[9,10] from unrestricted businesses reduced by £10.3m, mainly as a result of reduced motor margins in the Insurance Broking segment. Changes in working capital were a £0.7m outflow in the current period, compared with a £4.7m outflow in the first half of the prior year, and dividends from AICL reduced by £8.0m, as expected.

For River Cruise and Travel, the Group was repaid £26.0m in the first half of the year. This is an improvement of £38.6m when compared with the £12.6m provided to the businesses to cover trading cash flows in the first half of the prior year. The improvement is due to the businesses, in agreement with the Civil Aviation Authority (**CAA**), moving from a fully ring-fenced trust arrangement, where the businesses could not access 100% of customer cash from the trust until they returned from their river cruise or holiday, to a ring-fenced escrow arrangement trust where 70% of customer cash is restricted until they return. At 31 July 2023, the ring-fenced businesses held cash of £59.0m, of which £47.2m was held in trust. The Group must hold a minimum of £8.1m of cash outside of trust within the ring-fenced businesses as agreed with the CAA.

The Ocean Cruise business reported an operating cash inflow of £47.0m (H1 2022: £12.9m), with an increase in advance customer receipts of £18.7m (H1 2022: £4.0m), and net trading income of £31.4m (H1 2022: £10.2m), partially offset by capital expenditure of £3.1m (H1 2022: £1.3m). Net of interest costs of £8.1m (H1 2022: £7.3m), the Ocean Cruise business reported net cash inflow, before any capital repayments on the ship debt, of £38.9m for the first half of 2023/24 compared to £5.6m in the first half of the prior year.

As a result of the significantly improved cash generation from the Ocean Cruise business and cash repayments from the River Cruise and Travel businesses, partially offset by a reduction in cash generation from unrestricted businesses, Available Operating Cash Flow[9] increased from an inflow of £31.5m in the prior period to £85.9m in the current period.

Other cash flow movements

Interest and financing costs increased in the current period due to higher interest costs on the ship debt deferral loans and the debt issue costs associated with the unsecured loan facility with Roger De Haan.

In the prior period, business acquisitions relate to the purchase of The Big Window Consulting Limited.

The Group continued to make the agreed payments to the defined benefit pension fund as part of the deficit recovery plan of £5.8m (H1 2022: £5.8m). These are included within other payments.

In the current period, the Group continued to make capital repayments against its ship debt facilities, with one payment totalling £15.3m (H1 2022: £15.3m) on Spirit of Discovery's debt facility and one payment totalling £15.8m (H1 2022: £nil) on Spirit of Adventure's debt facility.

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[9] Refer to the Alternative Performance Measures Glossary for definition and explanation

[10] Trading EBITDA includes the line-item impact of IFRS 16 with the corresponding impact to net finance costs included in net cash flows used in financing activities

Reconciliation between operating and reported metrics

Available Operating Cash Flow[11] reconciles to net cash flows from operating activities as follows:

£m	Unaudited 6m to July 2023	*Change*	Unaudited 6m to July 2022 (restated)
Net cash flows from/(used in) operating activities (reported)	51.9	*490.2%*	(13.3)
Exclude cash impact of:			
Trading of restricted divisions	(5.9)	*(125.2%)*	23.4
Non-trading costs	0.2	*(96.9%)*	6.5

Interest paid	20.7	*4.0%*	19.9
Tax paid	-		0.9
	15.0	*(70.4%)*	50.7
Cash released from restricted divisions	33.0		2.4
Include capital expenditure funded from Available Cash[11]	(10.9)	*(58.0%)*	(6.9)
Include Ocean Cruise capital expenditure	(3.1)	*(121.4%)*	(1.4)
Available Operating Cash Flow[11]	**85.9**	***172.7%***	**31.5**

Trading EBITDA[11] reconciles to Underlying Profit Before Tax[11] as follows:

£m	Unaudited 6m to July 2023	*Change*	Unaudited 6m to July 2022 (restated)
Insurance Broking Trading EBITDA[11]	27.5	*(31.3%)*	40.0
Insurance Underwriting Trading EBITDA[11]	2.9	*(83.1%)*	17.2
Ocean Cruise Trading EBITDA[11,12]	33.1	*164.8%*	12.5
River Cruise and Travel Trading EBITDA[11]	(0.5)	*88.4%*	(4.3)
Other Businesses and Central Costs Trading EBITDA[11]	(10.0)	*18.0%*	(12.2)
Trading EBITDA[11]	**53.0**	***(0.4%)***	**53.2**
Depreciation and amortisation	(17.3)	*16.4%*	(20.7)
Titan River Cruise commitment costs	-	*(100.0%)*	4.3
Net finance costs (including Cruise, Travel and Underwriting)	(27.7)	*(24.8%)*	(22.2)
Underlying Profit Before Tax[11]	**8.0**	***(45.2%)***	**14.6**

Adjusted Trading EBITDA[11] is used in the Group's leverage calculation for the revolving credit facility (**RCF**) covenant and is calculated as follows:

£m	Unaudited 6m to July 2023	*Change*	Unaudited 6m to July 2022 (restated)
Trading EBITDA[11] for 12m to 31 January 2023	92.6	*42.0%*	65.2
Less Trading EBITDA[11] for 6m to 31 July 2022	(53.2)	*(81.6%)*	(29.3)
Add Trading EBITDA[11] for 6m to 31 July 2023	53.0	*(0.4%)*	53.2
Trading EBITDA[11] (12 months rolling)	**92.4**	***3.7%***	**89.1**
Titan River Cruise commitment costs	-	*(100.0%)*	4.3
Impact of accounting standard changes since 31 January 2017	2.0	*122.5%*	(8.9)
Spirit of Discovery and Spirit of Adventure Trading EBITDA[11,12]	(59.4)	*(180.2%)*	(21.2)
Adjusted Trading EBITDA[11]	**35.0**	***(44.7%)***	**63.3**

Ocean Cruise Trading EBITDA[11] reconciles to Ocean Cruise Trading EBITDA (Excluding Overheads)[11] as follows:

£m	Unaudited 6m to July 2023	*Change*	Unaudited 6m to July 2022
Ocean Cruise Trading EBITDA[11]	**33.1**	***164.8%***	**12.5**
Ocean Cruise overheads	7.0	*45.8%*	4.8
Ocean Cruise Trading EBITDA (Excluding Overheads)[11]	**40.1**	***131.8%***	**17.3**

[11] Refer to the Alternative Performance Measures Glossary for definition and explanation

[12] EBITDA includes Ocean Cruise overheads

Statement of financial position

Goodwill

During the first half of 2023, high claims cost inflation, particularly in Motor, has continued to put pressure on the Insurance business. Combined with the impact of Saga's three-year fixed-price product and highly competitive market conditions, this is expected to lead to lower margins per policy and lower overall profit before tax for the broking business, compared to prior assumptions. The Group has therefore conducted an impairment review of the £449.6m Insurance goodwill asset that was included on the statement of financial position at 31 January 2023.

The Group's revised five-year financial forecasts incorporate the modelled impact of the changes in the market environment, including the impact of continued pressure on margins. Further stress tests have also been considered, including the continuation of high claims cost inflation for an extended period and further downsides compared to revised base case assumptions. This has resulted in management taking the decision to impair insurance goodwill by a further £68.1m as at 31 July 2023. Consistent with the approach taken in prior years, this impairment is not included within Underlying Profit Before Tax[13].

[13] Refer to the Alternative Performance Measures Glossary for definition and explanation

Carrying value of ocean cruise ships

At 31 July 2023, the carrying value of the Group's ocean cruise ships was £597.2m (31 January 2023: £607.0m). Trading performance in the current year has been very positive, and with strong bookings for 2024/25, the Directors concluded that there were no indicators of impairment at 31 July 2023.

Investment portfolio

The majority of the Group's financial assets are held by its Insurance Underwriting entity and represent premium income received and invested to settle claims and meet regulatory capital requirements.

The amount held in invested funds decreased by £38.5m to £241.4m (31 January 2023: £279.9m), partly due to payment of £7.0m of dividends from AICL in the period. At 31 July 2023, 100% of the financial assets held by the Group were invested with counterparties with a risk rating of BBB or above, compared with 97.9% in the prior period, reflecting the relatively stable credit risk rating of the Group's investment holdings.

Unaudited at 31 July 2023	**Credit risk rating** **AAA** **£m**	**AA** **£m**	**A** **£m**	**BBB** **£m**	**Unrated** **£m**	**Total** **£m**
Investment portfolio:						
Deposits with financial institutions	-	4.3	6.2	-	-	10.5
Debt securities	23.0	57.4	69.2	80.6	-	230.2
Money market funds	0.7	-	-	-	-	0.7
Total invested funds	23.7	61.7	75.4	80.6	-	241.4
Derivative assets	-	-	1.1	-	-	1.1
Total financial assets	**23.7**	**61.7**	**76.5**	**80.6**	**-**	**242.5**

At 31 January 2023	**Credit risk rating** **AAA** **£m**	**AA** **£m**	**A** **£m**	**BBB** **£m**	**Unrated** **£m**	**Total** **£m**
Investment portfolio:						
Debt securities	23.5	74.9	64.2	91.8	-	254.4
Money market funds	19.6	-	-	-	-	19.6
Loan funds	-	-	-	-	5.9	5.9
Total invested funds	43.1	74.9	64.2	91.8	5.9	279.9
Derivative assets	-	-	2.5	-	-	2.5
Total financial assets	**43.1**	**74.9**	**66.7**	**91.8**	**5.9**	**282.4**

Insurance reserves

Analysis of insurance contract liabilities at 31 July 2023 and 31 January 2023 is as follows:

£m	**Unaudited at 31 July 2023** **Gross**	**Reinsurance assets**	**Net**	**At 31 January 2023 (restated)** **Gross**	**Reinsurance assets**	**Net**
Incurred claims - estimate of the present value of future cash flows	263.9	(115.9)	148.0	259.2	(87.6)	171.6
Incurred claims - risk adjustment	36.8	(29.8)	7.0	35.6	(27.4)	8.2
Remaining coverage - excluding loss component	39.8	1.2	41.0	44.3	5.5	49.8
Remaining coverage - loss component	13.1	(3.4)	9.7	8.4	(2.7)	5.7
Total	**353.6**	**(147.9)**	**205.8**	**347.5**	**(112.2)**	**235.3**

The Group's total insurance contract liabilities, net of reinsurance assets, decreased by £29.6m in the period to 31 July 2023 from the previous year end, primarily due to a £24.8m reduction in net incurred claims reserves, coupled with an £4.8m decrease in net remaining coverage claims reserves. The reduction in net remaining coverage claims reserves is due to changes to liabilities for prior year incurred claims that reflect continued favourable experience on large bodily injury claims relating to prior accident years.

Financing

At 31 July 2023, the Group's Net Debt[14] was £657.4m, £54.3m lower than at the beginning of the financial year.

The Group's total leverage ratio was 7.0x as at 31 July 2023 (31 January 2023: 7.5x). Excluding the impact of debt and earnings relating to the ocean cruise ships, the Group's leverage ratio relating to the RCF was 6.4x at 31 July 2023 (31 January 2023: 4.3x), within the 6.75x covenant.

The Group made repayments on its ship debt facilities in March 2023 for Spirit of Adventure and in June 2023 for Spirit of Discovery.

£m	**Maturity date[15]**	**Unaudited** **31 July 2023**	**31 January 2023**
3.375% Corporate bond	May 2024	150.0	150.0
5.5% Corporate bond	July 2026	250.0	250.0
RCF	May 2025	-	-
Spirit of Discovery ship loan	June 2031	188.9	204.2
Spirit of Adventure ship loan	September 2032	249.2	265.0
Less Available Cash [14,16]		(180.7)	(157.5)
Net Debt[14]		**657.4**	**711.7**

Net Debt[14] is analysed as follows:

Adjusted Net Debt[14] is used in the Group's leverage calculation and reconciles to Net Debt[14] as follows:

£m	**Unaudited** **31 July 2023**	**31 January 2023**
Net Debt[14]	657.4	711.7
Exclude ship loans	(438.1)	(469.2)
Exclude Ocean Cruise Available Cash[14]	3.1	1.4
Adjusted Net Debt[14]	**222.4**	**243.9**

The Group has agreed an extension of the loan facility in place with Roger De Haan, increasing the amount that can be drawn from £50m to £85m. The facility, which can be utilised from 1 January 2024, remains unsecured, and the interest rate remains at 10% provided that drawn funds are used to repay the corporate bonds due in May 2024. If the loan facility is drawn for general corporate purposes, the interest rate increases to 18%. While the Group is likely to draw down the loan facility as part of the 2024 bond repayment, it is not likely to draw the funds for any other purpose. The revised loan agreement includes some other amendments that are not considered significant but, for the most part, it continues to follow the wording of the Group's RCF. The termination date of the facility with Roger De Haan has also been extended from 30 June 2025 to 31 December 2025.

[14] Refer to the Alternative Performance Measures Glossary for definition and explanation

[15] Maturity date represents the date that the principal must be repaid, other than the ship loans, which are repaid in instalments over the next nine years

[16] Refer to Note 13 of the financial statements for information as to how this reconciles to a statutory measure of cash

Pensions

The Group's defined benefit pension scheme liability, as measured on an International Accounting Standard (**IAS**) 19R basis reduced by £4.1m to a £8.0m liability as at 31 July 2023 (£12.1m liability as at 31 January 2023).

£m	Unaudited 31 July 2023	31 January 2023
Fair value of scheme assets	208.5	224.1
Present value of defined benefit obligation	(216.5)	(236.2)
Defined benefit pension scheme liability	**(8.0)**	**(12.1)**

During the period ended 31 July 2023, the net liability position of the scheme reduced by £4.1m, resulting in an overall scheme deficit of £8.0m, mainly as a result of a recovery plan contribution being paid by the Group. The £5.8m deficit funding contribution was paid in February 2023 in relation to a recovery plan agreed under the latest triennial valuation of the scheme as at 31 January 2020.

The movements observed in the scheme's assets and obligations have been impacted by macroeconomic factors during the period where, at a global level, there have been rising inflation and cost of living pressures, as well as shifts in long-term market yields. The present value of defined benefit obligations decreased by £19.7m to £216.5m, primarily due to a 55bps increase in the discount rate which is based on increases in long-term trend corporate bond yields. The fair value of scheme assets decreased by £15.6m to £208.5m. The decrease in asset values has been largely driven by the rise in interest rates in the period.

Net assets

Since 31 January 2023, total assets have decreased by £24.6m and total liabilities have increased by £46.6m, resulting in an overall decrease in net assets of £71.2m.

The decrease in total assets is primarily due to:

- a decrease in goodwill of £68.1m following an impairment to insurance goodwill in the period;
- a decrease in financial assets of £39.9m, mainly relating to a reduction to the Insurance Underwriting investment portfolio, partly to fund £7.0m of dividends from AICL;
- an increase in reinsurance assets of £35.7m due to the receivable on the quota share contract with AICL's reinsurance increasing in the period;
- an increase in cash and short-term deposits of £30.7m; and
- an increase in trust accounts of £11.0m due to seasonality in the River Cruise and Travel businesses.

The increase in total liabilities reflects:

- an increase of £57.5m in contract liabilities due to the seasonality of the Cruise and Travel businesses;
- an increase in trade and other payables of £13.6m; and
- a decrease of £33.1m in financial liabilities, which is mainly due to a reduction of £29.3m in bond and bank loans, as a result of capital repayments on Spirit of Discovery and Spirit of Adventure facilities.

Effect of IFRS 17 on net assets

£m	Unaudited 31 July 2023	*Change*	Unaudited 31 July 2022
Net assets (under previous IFRS)	303.1	*(93.6)*	396.7
Reversal of management margin under previous IFRS	18.8	*(12.7)*	31.5
ENIDs under IFRS 17	(6.0)	*5.3*	(11.3)
IFRS 17 risk adjustment	(7.1)	*4.3*	(11.4)
New approach to reserve margin	5.7	*(3.1)*	8.8
Revised PPO carer wage inflation, alongside changes to other assumptions	(22.6)	*(12.6)*	(10.0)
Different discount rate for PPOs and related reinsurance assets	17.5	*8.3*	9.2
Change in valuation of PPO reserves (other than due to 'margin')	(5.1)	*(4.3)*	(0.8)
Discounting non-PPO liabilities and related reinsurance assets	11.2	*1.4*	9.8
Expense acquisition costs when incurred	(12.9)	*3.6*	(16.5)
Onerous contract provision (net of related reinsurance assets)	(9.7)	*(6.9)*	(2.8)
Other individually immaterial items	(1.0)	*(3.1)*	2.1
Deferred taxation	2.9	*3.1*	(0.2)
Impact of IFRS 17 on net assets	(8.9)	*(9.3)*	0.4
Net assets under IFRS 17	**294.2**	***(102.9)***	**397.1**

At 31 July 2022, net assets under IFRS 17 were £0.4m higher than under previous IFRS, however, at 31 July 2023, net assets were £8.9m lower under IFRS 17 than previous IFRS. The material components of this negative movement are included below:

- £6.9m increase in the net onerous contracts provision held in relation to motor insurance contracts. This was a driven by a combination of an increase in contracts that were onerous at initial recognition (due primarily due to renewals in years two and three of three-year fixed-price policies) and an upwards revaluation of the provision due to prolonged claims inflation.
- £3.1m reduction in the positive impact of the new approach to reserve margin. This is due to a £12.7m reduction in the management margin held under previous IFRS being greater than the £9.6m reduction in IFRS 'margin' (ENIDs and risk adjustment).
- £4.3m negative movement due to a change in the impact of revaluing PPO reserves under IFRS 17. The two impacts of IFRS 17 changes to PPO valuation assumptions (being the carer wage inflation assumption and the discount rate) would typically largely offset each other, however, this is not exact due to the complexities of valuing PPO liabilities, including related potential lump sum awards. This is particularly the case in a changing economic environment.

These are, however, partially offset by:

These are, however, partially offset by:

- £3.6m reduction to the negative impact of expensing insurance acquisition costs when incurred under IFRS 17 instead of deferring them over the life of the policy under previous IFRS. This reduced impact reflects a trend of decreasing acquisition costs which is related to lower sales of AICL-underwritten policies.
- £1.4m positive movement in the impact of discounting non-PPO claim reserves at the IFRS 17 discount rate. This is due to rising market interest rates to which the IFRS 17 discount rate is linked.
- £3.1m deferred tax impact of the above adjustments.

Going concern

The Directors have performed an assessment of going concern to determine the adequacy of the Group's financial resources over a period of 13 months from the date of signing these financial statements, a period selected to include consideration of the 31 October 2024 covenant testing date attached to the Group's £50m RCF.

This assessment is based on higher case and lower case financial projections which incorporate scenario analysis and stress tests on expected business performance.

The Group's higher case modelling assumes good performance in the Cruise division in the second half of 2023/24 and into 2024/25, on the back of strong booked load factors and per diems. Travel is also expected to achieve continued growth in revenues. The outlook for Insurance, however, remains challenging, with high cost and claims inflation in a competitive market expected to put continued pressure on margins.

The Group's downside scenario incorporates lower load factors for Ocean Cruise, lower levels of demand in River Cruise, slower growth in the Travel business and higher working capital requirements. Downside risks modelled for the Insurance business include the impact of worsening competitive market pressures on the Broking business, continued high cost and claims inflation putting pressure on margins, among other stress tests. Both scenarios reflect further cost reduction measures focused on central overheads and non-core activities.

Under all scenarios modelled, the Group expects to meet scheduled Ocean Cruise debt principal repayments as they fall due over the next 13 months, and to also meet the financial covenants relating to its secured ocean cruise debt.

In addition, in both higher and lower case scenarios and further incorporating a drawdown under the Group's £85m loan facility from Roger De Haan, the Group expects to have sufficient resources to enable repayment of the £150m senior bonds on maturity in May 2024 from Available Cash[17] resources and to have sufficient resources to continue in operation throughout the assessment period.

Over the same time frame, and on the same basis, the Group also expects to remain within the renegotiated financial covenants and other terms relating to its £50m RCF, as set out in Note 16, enabling it to draw down on this currently undrawn facility to meet short-term working capital requirements should the need arise.

Noting that it is not possible to predict accurately all possible future risks to the Group's future trading, based on this analysis and the scenarios modelled, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 13 months from the date of approval of the condensed consolidated interim financial statements. They have, therefore, deemed it appropriate to prepare the financial statements to 31 July 2023 on a going concern basis.

[17] Refer to the Alternative Performance Measures Glossary for definition and explanation

Dividends and financial priorities for 2023/24

Dividends

Given the Group's priority of reducing Net Debt[18], the Board of Directors does not recommend payment of an interim dividend for the 2023/24 financial year, nor would this currently be permissible under financing arrangements due to the leverage ratio being above 3.0x (excluding Ocean Cruise EBITDA and debt) and while the ship debt facility deferred amounts are outstanding.

Financial priorities for 2023/24

The Group's financial priorities for the current financial year are to reduce Net Debt[18], build on the already positive load factor and per diem in Ocean Cruise, return the Travel business to profitability, and to continue progress in execution of its Insurance strategy.

[18] Refer to the Alternative Performance Measures Glossary for definition and explanation

Principal risks and uncertainties

The Group is subject to a number of risks and uncertainties as part of its activities. The Board regularly considers these and seeks to ensure that appropriate processes are in place to manage, monitor and mitigate these risks. The Board included full details of the risk and uncertainties pertinent to the Group on pages 65 to 67 of its Annual Report and Accounts for the year ended 31 January 2023, available at https://corporate.saga.co.uk/investors/results-reports-presentations/.

Since the publication of the latest Annual Report and Accounts, the Board have reviewed and updated the list of principal risks and uncertainties (**PRUs**) and the outlook for each. By exception, the following changes have been made:

PRUs for which the outlook has worsened

PRU	Reason for change in outlook	Mitigations
Saga brand and relevance	Increasing reputational risk following the Financial Conduct Authority's (**FCA**) market-wide assessment of the General Insurance Pricing Practices (**GIPP**) review and introduction of Consumer Duty.	Consumer Duty live, with embedding to continue in the second half of the year. Enhanced Insurance Risk Framework in place.
Regulatory action	Increasing risk in relation to the FCA's market-wide assessment of the GIPP review and introduction of Consumer Duty.	Consumer Duty live, with embedding to continue in the second half of the year. Project underway focused on enhancing the Insurance Risk Framework.
Capacity and capability	Move towards leaner operating models within Insurance and central functions.	Ongoing retention plan for areas most at risk. Review of accountability and comprehensiveness of process

		documentation.

PRUs for which the outlook has improved

PRU	Reason for change in outlook
Operational resilience	Enhancement to infrastructure in progress.
Third-party suppliers	Audits of critical suppliers, partnerships and outsourcing completed, alongside implementation of partnership agreements.

New PRUs

PRU	Trend	Risk	Mitigations
Continued inflation within Insurance	Worsening	Risk of adverse impact from sustained high levels of inflation on the Insurance business.	Active monitoring of inflation, including review of inflation assumed in pricing. Efficiencies identified to reduce operating expenses.

Condensed consolidated income statement for the period ended 31 July 2023

	Note	**Unaudited 6m to Jul 2023 £m**	Unaudited 6m to Jul 2022 (restated[1]) £m	Unaudited 12m to Jan 2023 (restated[1]) £m
Revenue from Cruise and Travel services	3	196.9	136.2	305.5
Revenue from Insurance Broking services	3	62.5	71.9	147.8
Other revenue (non-Insurance Underwriting)	3	13.5	11.3	17.4
Non-insurance revenue	3	272.9	219.4	470.7
Insurance revenue	3	85.2	97.7	193.0
Total revenue	3	**358.1**	**317.1**	**663.7**
(Increase)/decrease in credit loss allowance		(0.1)	0.4[2]	1.3
Other cost of sales		(143.2)	(117.4)[2]	(249.8)
Cost of sales (non-Insurance Underwriting)	**3**	**(143.3)**	**(117.0)**	**(248.5)**
Gross profit (non-Insurance Underwriting)		**129.6**	**102.4**	**222.2**
Insurance service expenses	15	(114.8)	(92.3)	(215.8)
Net income from reinsurance contracts	15	19.3	6.3	27.3
Insurance service result		**(10.3)**	**11.7**	**4.5**
Administrative and selling expenses		(101.8)	(81.1)	(181.5)
Increase in credit loss allowance		(0.3)	(0.6)[2]	(0.9)
Impairment of assets		(68.1)	(269.5)	(271.2)
Net finance (expense)/income from insurance contracts	15	(7.6)	7.0	8.2
Net finance income/(expense) from reinsurance contracts	15	4.2	(5.3)	(3.7)
Net (loss)/profit on disposal of property, plant and equipment and software		(0.1)	0.1	0.1
Investment income/(expense)		0.3	(5.0)	(9.7)
Finance costs		(23.7)	(22.4)	(42.2)
Finance income		-	0.9	1.5
Loss before tax		**(77.8)**	**(261.8)**	**(272.7)**
Tax income/(expense)	4	6.8	(4.5)	(0.4)
Loss for the period		**(71.0)**	**(266.3)**	**(273.1)**
Attributable to:				
Equity holders of the parent		(71.0)	(266.3)	(273.1)

	Note			
Loss per share:				
Basic	6	(50.9p)	(191.3p)	(195.7p)
Diluted	6	(50.9p)	(191.3p)	(195.7p)

[1] For details of the restatement, please see Notes 2.5, 12 and 15

[2] Movements in the credit loss allowance for the period ended 31 July 2022 were not previously presented on the face of the income statement. Amounts have been restated to separately report these amounts

Condensed consolidated statement of comprehensive income for the period ended 31 July 2023

	Unaudited 6m to Jul 2023 £m	Unaudited 6m to Jul 2022 (restated[3]) £m	Unaudited 12m to Jan 2023 (restated[3]) £m
Loss for the period	**(71.0)**	**(266.3)**	**(273.1)**
Other comprehensive income			
Other comprehensive income that may be reclassified to the income statement in subsequent periods			
Net (losses)/gains on hedging instruments during the period	(1.7)	5.4	(2.0)
Recycling of previous losses/(gains) on hedges to income statement	1.3	(2.3)	0.3
Total net (losses)/gains on cash flow hedges	(0.4)	3.1	(1.7)
Associated tax effect	0.7	(0.7)	(0.8)
Total other comprehensive gains/(losses) with recycling to income statement	0.3	2.4	(2.5)
Other comprehensive income that will not be reclassified to the income statement in subsequent periods			
Remeasurement (losses)/gains on defined benefit plan	(1.4)	10.5	(19.1)
Associated tax effect	0.3	(2.7)	4.8
Total other comprehensive (losses)/gains without recycling to income statement	(1.1)	7.8	(14.3)
Total other comprehensive (losses)/gains	**(0.8)**	**10.2**	**(16.8)**
Total comprehensive losses for the period	**(71.8)**	**(256.1)**	**(289.9)**
Attributable to:			
Equity holders of the parent	**(71.8)**	**(256.1)**	**(289.9)**

[3] For details of the restatement, please see Notes 2.5, 12 and 15

Condensed consolidated statement of financial position as at 31 July 2023

Assets	**Note**	**Unaudited As at 31 Jul 2023 £m**	Unaudited As at 31 Jul 2022 (restated[4]) £m	Unaudited As at 31 Jan 2023 (restated[4]) £m

Goodwill	8	381.5	449.6	449.6
Intangible assets	9	57.9	46.5	51.3
Retirement benefit scheme surplus	14	-	17.4	-
Property, plant and equipment	10	601.2	636.5	611.0
Right-of-use assets	11	30.7	77.5	30.7
Financial assets	12	242.5	298.0	282.4
Current tax assets		4.7	3.3	4.4
Deferred tax assets	4	30.7	12.3	20.8
Reinsurance contract assets	15	147.9	89.8	112.2
Inventories		7.7	7.6	7.0
Trade and other receivables		134.3	136.9	136.0
Trust accounts		47.2	60.2	36.2
Cash and short-term deposits	13	207.2	211.8	176.5
Assets held for sale	18	31.2	12.9	31.2
Total assets		**1,924.7**	**2,060.3**	**1,949.3**
Liabilities				
Retirement benefit scheme liability	14	8.0	-	12.1
Insurance contract liabilities	15	353.6	337.2	347.5
Provisions		9.4	4.9	5.2
Financial liabilities	12	863.7	965.1	896.8
Deferred tax liabilities	4	11.7	11.2	9.3
Contract liabilities		184.0	150.5	126.5
Trade and other payables		200.1	194.3	186.5
Total liabilities		**1,630.5**	**1,663.2**	**1,583.9**
Equity				
Issued capital		21.1	21.1	21.1
Share premium		648.3	648.3	648.3
Own shares held reserve		(1.0)	-	-
Retained deficit		(381.7)	(283.2)	(309.7)
Share-based payment reserve		10.4	9.2	8.9
Hedging reserve		(2.9)	1.7	(3.2)
Total equity		**294.2**	**397.1**	**365.4**
Total equity and liabilities		**1,924.7**	**2,060.3**	**1,949.3**

[4] For details of the restatement, please see Notes 2.5, 12 and 15

Condensed consolidated statement of changes in equity for the period ended 31 July 2023

	Attributable to the equity holders of the parent							
	Issued capital £m	Share premium £m	Own shares held reserve £m	Retained (deficit)/ earnings £m	Share-based payment reserve £m	Fair value reserve £m	Hedging reserve £m	Total equity £m
Unaudited								
At 1 February 2023 (as reported)	**21.1**	**648.3**	-	**(293.5)**	**8.9**	**(12.1)**	**(3.2)**	**369.5**
Effect of adoption of International Financial Reporting Standard (**IFRS**) 17	-	-	-	(16.2)	-	12.1	-	(4.1)
At 1 February 2023 (restated[5])	**21.1**	**648.3**	**-**	**(309.7)**	**8.9**	**-**	**(3.2)**	**365.4**
Loss for the period	-	-	-	(71.0)	-	-	-	(71.0)
Other comprehensive (losses)/income excluding recycling	-	-	-	(1.1)	-	-	1.1	-
Recycling of previous gains to income statement	-	-	-	-	-	-	(0.8)	(0.8)
Total comprehensive (losses)/income	-	-	-	(72.1)	-	-	0.3	(71.8)
Share-based payment charge	-	-	-	-	2.4	-	-	2.4
Own shares transferred in the period	-	-	(1.0)	(0.8)	-	-	-	(1.8)
Transfer upon vesting of share options	-	-	-	0.9	(0.9)	-	-	-
At 31 July 2023	**21.1**	**648.3**	**(1.0)**	**(381.7)**	**10.4**	**-**	**(2.9)**	**294.2**
Unaudited								
At 1 February 2022 (as reported)	**21.1**	**648.3**	-	**(22.4)**	**7.4**	**(0.8)**	**(0.7)**	**652.9**
Effect of adoption of IFRS 17	-	-	-	(2.3)	-	0.8	-	(1.5)
At 1 February 2022 (restated[5])	**21.1**	**648.3**	**-**	**(24.7)**	**7.4**	**-**	**(0.7)**	**651.4**
Loss for the period (restated[5])	-	-	-	(266.3)	-	-	-	(266.3)
Other comprehensive income excluding	-	-	-	7.8	-	-	4.2	12.0

recycling (restated[5])	-	-	-	7.8	-	-	4.2	12.0
Recycling of previous gains to income statement	-	-	-	-	-	-	(1.8)	(1.8)
Total comprehensive (losses)/income (restated[5])	-	-	-	(258.5)	-	-	2.4	(256.1)
Share-based payment charge	-	-	-	-	1.8	-	-	1.8
At 31 July 2022 (restated[5])	**21.1**	**648.3**	**-**	**(283.2)**	**9.2**	**-**	**1.7**	**397.1**

[5] For details of the restatement, please see Notes 2.5, 12 and 15. The effect of adoption of IFRS 17 disclosed above includes related updates to accounting policies applied under IFRS 9

Condensed consolidated statement of changes in equity for the period ended 31 July 2023 (continued)

	Attributable to the equity holders of the parent							
	Issued capital	Share premium	Own shares held reserve	Retained (deficit)/ earnings	Share-based payment reserve	Fair value reserve	Hedging reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Unaudited								
At 1 February 2022 (as reported)	**21.1**	**648.3**	-	**(22.4)**	**7.4**	**(0.8)**	**(0.7)**	**652.9**
Effect of adoption of IFRS 17	-	-	-	(2.3)	-	0.8	-	(1.5)
At 1 February 2022 (restated[6])	**21.1**	**648.3**	**-**	**(24.7)**	**7.4**	**-**	**(0.7)**	**651.4**
Loss for the year (restated[6])	-	-	-	(273.1)	-	-	-	(273.1)
Other comprehensive losses excluding recycling (restated[6])	-	-	-	(14.3)	-	-	(2.9)	(17.2)
Recycling of previous losses to income statement	-	-	-	-	-	-	0.4	0.4
Total comprehensive losses (restated[6])	-	-	-	(287.4)	-	-	(2.5)	(289.9)
Share-based payment charge	-	-	-	-	3.9	-	-	3.9
Transfer upon vesting of share options	-	-	-	2.4	(2.4)	-	-	-
At 31 January 2023 (restated[6])	**21.1**	**648.3**	**-**	**(309.7)**	**8.9**	**-**	**(3.2)**	**365.4**

[6] For details of the restatement, please see Notes 2.5, 12 and 15. The effect of adoption of IFRS 17 disclosed above includes related updates to accounting policies applied under IFRS 9

Condensed consolidated statement of cash flows for the period ended 31 July 2023

	Note	**Unaudited 6m to Jul 2023**	Unaudited 6m to Jul 2022 (restated[7])	Unaudited 12m to Jan 2023 (restated[7])
		£m	£m	£m
Loss before tax		(77.8)	(261.8)	(272.7)
Depreciation, impairment and loss on disposal, of property, plant and equipment and right-of-use assets		18.0	19.7	32.9
Amortisation and impairment of intangible assets and goodwill, and profit on disposal of software		72.4	273.9	278.6
Impairment of assets held for sale		-	-	1.2
Share-based payment transactions		1.6	1.8	3.9
Net finance expense/(income) from insurance contracts	15	7.6	(7.0)	(8.2)
Net finance (income)/expense from reinsurance contracts	15	(4.2)	5.3	3.7
Finance costs		23.7	22.4	42.2
Finance income		-	(0.9)	(1.5)
Interest (income)/expense from investments		(0.3)	5.0	9.7
Increase in trust accounts		(11.0)	(36.8)	(12.8)
Movements in other assets and liabilities		37.6	(15.9)	(57.8)
		67.6	5.7	19.2
Investment income interest received		5.0	1.8	5.4
Interest paid		(20.7)	(19.9)	(37.6)
Income tax paid		-	(0.9)	(0.9)
Net cash flows from/(used in) operating activities		**51.9**	**(13.3)**	**(13.9)**
Investing activities				
Proceeds from sale of property, plant and equipment and right-of-use assets		-	0.1	0.2
Purchase of, and payments for the construction of, property, plant				

and equipment, and intangible assets		(14.4)	(8.8)	(20.8)
Disposal of financial assets		26.6	55.0	65.8
Purchase of financial assets		(11.8)	(26.6)	(40.2)
Acquisition of subsidiary	7	-	(0.9)	(0.9)
Net cash flows from investing activities		**0.4**	**18.8**	**4.1**
Financing activities				
Payment of principal portion of lease liabilities		(6.7)	(7.8)	(7.8)
Repayment of borrowings	16	(31.1)	(15.3)	(46.4)
Net cash flows used in financing activities		**(37.8)**	**(23.1)**	**(54.2)**
Net increase/(decrease) in cash and cash equivalents		**14.5**	**(17.6)**	**(64.0)**
Cash and cash equivalents at the start of the period		191.7	255.7	255.7
Cash and cash equivalents at the end of the period	13	**206.2**	**238.1**	**191.7**

[7] For details of the restatement, please see Notes 2.5, 12 and 15

Notes to the condensed consolidated interim financial statements

1 Corporate information

Saga plc (the **Company**) is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 (registration number 08804263). The Company is registered in England and its registered office is located at 3 Pancras Square, London N1C 4AG.

The condensed consolidated interim financial statements of Saga plc and the entities controlled by the Company (its subsidiaries, collectively **Saga Group** or the **Group**) for the six months ended 31 July 2023 were authorised for issue in accordance with a resolution of the Directors on 26 September 2023.

2.1 Basis of preparation

These financial statements comprise the condensed consolidated interim financial statements (the **financial statements**) of the Group for the six-month period to 31 July 2023.

The financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated. The Group has reviewed the appropriateness of the going concern basis in preparing the financial statements, as set out in Note 2.7. The Directors have concluded that it remains appropriate to adopt the going concern basis in preparing the financial statements.

The Group's financial statements are presented in pounds sterling which is also the parent company's functional currency, and all values are rounded to the nearest hundred thousand (£m), except when otherwise indicated.

The financial statements have been prepared in accordance with the Disclosure and Transparency Rules (**DTR**) of the Financial Conduct Authority (**FCA**) and in accordance with International Accounting Standard (**IAS**) 34 'Interim Financial Reporting' as adopted for use in the UK. The significant accounting policies applied by the Group are set out in the Annual Report and Accounts for the year ended 31 January 2023, except for changes required as a result of the transition to a new accounting standard for insurance and reinsurance contracts, IFRS 17 'Insurance Contracts' and related updates to accounting policies applied under IFRS 9 'Financial Instruments' (see Notes 2.3 and 2.5). These are consistent with International Financial Reporting Standards (**IFRS**), as issued by the International Accounting Standards Board and adopted by the UK Endorsement Board for use in the United Kingdom.

The financial statements are unaudited but have been reviewed by KPMG LLP and include their review conclusion. The financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The results from the year ended 31 January 2023 have been taken from the Group's Annual Report and Accounts for that year, except for changes required as a result of the transition to IFRS 17, including related updates to accounting policies applied under IFRS 9 (see Notes 2.3 and 2.5). These changes have been applied retrospectively, and prior period comparative information has been restated. Therefore, prior period comparative information is unaudited.

Statutory financial statements for the year ended 31 January 2023 have been delivered to the Registrar of Companies. The auditor's report on those financial statements: (i) was unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not constitute a statement under Section 498 (2) or (3) of the Companies Act 2006.

2.2 Basis of consolidation

The financial statements comprise the financial position and results of each of the companies within the Group. Where necessary, adjustments have been made to the financial position and results of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses have been eliminated on consolidation. The policies set out below have been applied consistently throughout the periods presented to items considered material to the financial statements.

2.3 Summary of significant accounting policies

The financial statements for the period ended 31 July 2023 have been prepared applying the same accounting policies that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 January 2023, except for changes required as a result of the transition to a new accounting standard for insurance and reinsurance contracts, IFRS 17 'Insurance Contracts'.

In addition, as a result of IFRS 17 being adopted and applied, the Group has changed the classification of debt securities under IFRS 9 'Financial Instruments', from fair value through OCI (**FVOCI**) to fair value through profit or loss (**FVTPL**). IFRS 17 permits financial assets to be classified as FVTPL on transition to IFRS 17 if doing so eliminates, or significantly reduces, a measurement, or recognition inconsistency. For the debt securities that support the Group's insurance liabilities, this condition is met as fair value gains or losses on these securities are expected to be offset, to a significant degree, by the impact of changes in the discount rate on the measurement of IFRS 17 liabilities for incurred claims (net of the impact on related reinsurance assets).

IFRS 17 is effective for annual reporting periods beginning on, or after, 1 January 2023. The Group has initially applied IFRS 17 in its consolidated financial statements for the year ending 31 January 2024, with the date of initial application being 1 February 2023 and the transition date being 1 February 2022. The Group's condensed consolidated interim financial statements include comparatives for the year ending 31 January 2023 restated onto an IFRS 17 basis.

Details of the new accounting policy for insurance contracts underwritten by the Group and reinsurance contracts is disclosed below, with note references corresponding to the financial statements for the year ended 31 January 2023. This includes details of revenue and cost recognition which replace the parts of Notes 2.3(a) and 2.3(b) of the financial statements for the year ended 31 January 2023 that relate to insurance contracts underwritten by the Group and reinsurance contracts.

r. Insurance contracts underwritten by the Group and reinsurance contracts

i) Classification

The Group issues insurance contracts under which it accepts significant insurance risk from policyholders, and also enters into reinsurance contracts under which it transfers significant insurance risk related to underlying insurance contracts. 'Reinsurance contracts' refers to reinsurance contracts held by the Group. The Group does not issue any reinsurance contracts.

Insurance and reinsurance contracts can also expose the Group to financial risk.

ii) Separating components from insurance and reinsurance contracts

When the Group underwrites an insurance contract, a number of separate contracts may be entered into at the same time. These contracts may involve more than one legal entity within the Group.

As the set of contracts is designed to achieve an overall commercial effect for the Group, for accounting purposes the following steps are taken:

- The total cash flows arising from all contracts are initially considered as a whole (together the **host insurance contract**).
- The Group then identifies any service components that are 'distinct' and therefore require separation for accounting purposes. A service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. The following distinct service components were identified:
    - The brokerage of the core insurance contract (where it has first been subject to the competitive pricing panel that the Group operates).
    - The brokerage of any add-on cover underwritten by a third-party.
    - The promise to fix the premium for three years (where this option is taken by the policyholder).

  These distinct service components are accounted for as separate contracts with customers under IFRS 15.
- The total cash inflows from the combined set of contracts are then allocated for accounting purposes between:
    - any distinct service components; and
    - the insurance component of the host insurance contract.

  This allocation is performed based on the stand-alone selling price of each component.
- Cash outflows that relate directly to each component are attributed to that component, with any remaining cash outflows attributed on a systematic and rational basis, reflecting the cash outflows the Group would expect to arise if that component were a separate contract.

iii) Aggregation of insurance and reinsurance contracts

The Group applies the requirements of IFRS 17 at the level of groups of insurance contracts issued. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, which comprise contracts that are subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the expected profitability of each contract at initial recognition:

- Any contracts that are onerous at initial recognition.
- Any contracts that at initial recognition have no significant risk of becoming onerous.
- Any other contracts.

Groups of reinsurance contracts are established such that each group comprises a single contract.

iv) Recognition of insurance and reinsurance contracts

The Group recognises insurance contracts issued from the earliest of:

- the beginning of the coverage period;
- when the first payment from a policyholder becomes due, or, if there is no due date, when the first payment is received; and
- when facts and circumstances indicate that the contract is onerous. This could be as early as the date on which the contract is first entered into.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

The Group recognises groups of reinsurance contracts as follows:

- Groups of reinsurance contracts that provide proportionate coverage (primarily quota share arrangements) are recognised when any underlying insurance contract is initially recognised.
- All other groups of reinsurance contacts (primarily excess of loss arrangements) are recognised from the earlier of:
    - the beginning of the coverage period of the group of reinsurance contracts; and
    - the date on which an onerous group of underlying contracts is recognised (provided that the related reinsurance contract was entered into on, or before, that date).

v) Contract boundaries

The measurement of groups of insurance contracts issued, and reinsurance contracts, reflects all future cash flows arising from insurance coverage within the boundary of each contract (the **contract boundary**).

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

vi) Measurement - insurance contracts

The Group measures all groups of insurance contracts issued in accordance with IFRS 17's simplified premium allocation approach (**PAA**). They are eligible for the PAA as the coverage period of each contract in each group is one year or less.

The following sections set out the Group's approach to measuring groups of insurance contracts under the PAA.

a) Measurement at initial recognition

On initial recognition, the liability for remaining coverage of groups of insurance contracts issued is measured as:

- any premiums received at initial recognition; plus

- any premiums received at initial recognition; plus
- for groups of contracts that are onerous (expected to be loss making) at initial recognition, a loss component measured as the excess of the fulfilment cash flows over the carrying amount of the liability for remaining coverage excluding the loss component. A corresponding loss is recognised in profit or loss. At initial recognition the loss component is only recognised and measured in respect of policies that individually meet the recognition criteria at that date.

b) Subsequent measurement

At the end of each reporting period, each group of contracts is measured as the sum of the liability for remaining coverage and the liability for incurred claims.

Liability for remaining coverage

At the end of each reporting period, the carrying amount of the liability for remaining coverage (excluding the loss component) of each group of contracts is equal to:

- the opening carrying amount of the liability for remaining coverage; plus
- premiums received in the period; less
- the amount recognised as insurance revenue for coverage provided in the period. Insurance revenue is the amount of total expected premium receipts (excluding premium taxes) allocated to each period of coverage on the basis of the passage of time (i.e. a straight line basis). This is appropriate as, for the insurance contracts that the Group issues, the expected pattern of release of risk during the coverage period does not differ significantly from the passage of time.

For groups of contracts that were onerous at initial recognition:

- the loss component of the liability for remaining coverage is increased in respect of any individual policies added to the group;
- the loss component is reversed as coverage is provided, reducing the liability for remaining coverage. A corresponding credit to profit or loss means that the onerous loss is not recognised a second time when a liability for incurred claims is established as coverage is provided; and
- the expected profitability of remaining coverage is reassessed at each reporting date, with any changes since initial recognition reflected in the valuation of the remaining loss component of the liability for remaining coverage, with a corresponding entry in profit or loss.

For other groups of contracts, at each reporting date, the Group considers whether the remaining coverage has become onerous. If so, a loss component of the liability for remaining coverage is established with a corresponding loss recognised in profit or loss.

Liability for incurred claims

As coverage is provided, the Group establishes a liability for incurred claims. The liability is estimated based on the fulfilment cash flows relating to incurred claims, including both claims that have been notified (i.e. outstanding claims) and claims incurred but not reported (**IBNR**). These fulfilment cash flows:

- include an estimate of claims handling costs and the expected value of salvage and other recoveries;
- incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows;
- reflect current estimates from the Group's perspective;
- are adjusted to reflect the time value of money and effect of financial risk (a discounting adjustment). The Group has not taken the PAA option to not discount claims expected to be paid within one year of the loss event; and
- include an explicit adjustment for non-financial risk (the **risk adjustment**), which reflects the compensation required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk.

vii) Measurement - reinsurance contracts

The Group also measures all groups of reinsurance contracts in accordance with the PAA. Groups of excess of loss reinsurance contracts are eligible for the PAA as each underlying contract has a coverage period of one year or less. Groups of other reinsurance contracts (primarily the motor quota share arrangement) are eligible for the PAA as, at initial recognition, the Group expects that the resulting measurement of the asset for remaining coverage would not differ materially to that under the IFRS 17 general measurement model.

Groups of reinsurance contracts are measured on the same basis as the underlying insurance contracts, adapted as appropriate to reflect the different features of reinsurance contracts, including:

- where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for groups of reinsurance contracts depicting any recovery of losses. The loss-recovery component is calculated by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts;
- reinsurance cash flows that are contingent on claims experience are treated as part of the claims expected to be reimbursed. This applies to profit commission clauses within the Group's motor quota share reinsurance contracts; and
- the Group assesses the risk that that the counterparties to its reinsurance contracts are not able fulfil their obligations (non-performance risk, or default risk), including by considering available data on the financial strength of the reinsurers. An allowance is included in the relevant estimate of the present value of future cash flows to reflect this risk.

viii) Measurement - insurance acquisition cash flows

The Group identifies insurance acquisition cash flows, being the costs of selling, underwriting and starting insurance contracts. The costs are primarily commissions paid to intermediaries and an allocation of other operating expenses.

The Group has taken the IFRS 17 option to expense insurance acquisition cash flows immediately where the coverage period of the related contract is one year or less. As all the Group's insurance contracts have a coverage period of one year or less, all insurance acquisition cash flows are expensed when they are incurred.

ix) Modification and derecognition

An insurance contract is derecognised when:

- it is extinguished (i.e. when the obligation expires or is discharged or cancelled); or
- there is a modification of the contract that is treated as a derecognition and recognition of a new contract. This is the case where the modified terms, if applied at inception, would have resulted in:
    - a change in the measurement model or the applicable standard for measuring a component of the contract;
    - a substantially different contract boundary; or
    - the contract being included in a different group of contracts.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification as an adjustment to the relevant liability for remaining coverage relating to the existing contract.

x) Presentation

The Group disaggregates the total amount recognised in the statement of profit or loss into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

a) Separate presentation of portfolios in an asset or liability position

In the statement of financial position, where applicable, the Group presents separately the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts that are assets and portfolios of reinsurance contracts that are liabilities.

b) Changes in the risk adjustment

The Group disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion, included within insurance finance expenses and the insurance service result respectively.

c) Reinsurance

On the face of the consolidated income statement, income or expenses from reinsurance contracts (other than insurance finance income or expenses) are presented as a single amount, separately from the income or expenses from insurance contracts issued.

d) Insurance finance income or expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

This largely represents:

- the unwind of the discounting of the liability for incurred claims;
- the impact of changes in the discount rate used in the measurement of the liability for incurred claims; and
- the impact of changes in the care worker inflation assumption used in the measurement of claims settled as periodical payment orders (**PPOs**).

Reinsurance finance income or expense is the change in the carrying value of amounts relating to reinsurance contracts arising for the same reasons.

The Group does not disaggregate insurance finance income or expenses between profit or loss and other comprehensive income (**OCI**) as permitted by the standard.

xi) Transition

In adopting IFRS 17, the Group applied a full retrospective approach to transition. Under the full retrospective approach to transition, at 1 February 2022, the Group:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied (e.g. insurance receivables and payables, which under IFRS 17 are included in the measurement of the insurance contracts); and
- recognised any resulting net difference in equity.

Full details of all other accounting policies of the Group can be found in the Annual Report and Accounts for the year ended 31 January 2023, available at www.corporate.saga.co.uk.

2.4 Standards issued but not yet effective

The following is a list of standards, and amendments to standards, that are in issue but are not effective or adopted as at 31 July 2023.

a. Classification of liabilities as current or non-current (amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due, or potentially due, to be settled within one year) or non-current. The amendments are effective for annual periods beginning on, or after, 1 January 2024 and are not likely to have a material effect on the Group's financial statements. These amendments have been endorsed by the UK Endorsement Board.

b. Definition of lease liability in a sale and leaseback (amendment to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is effective for annual reporting periods beginning on, or after, 1 January 2024. The amendment is not expected to have a material impact on the Group's financial statements. This amendment has been endorsed by the UK Endorsement Board.

c. Supplier finance arrangements (amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendment is effective for annual reporting periods beginning on, or after, 1 January 2024. The amendment is not expected to have a material impact on the Group's financial statements. This amendment is not currently endorsed by the UK Endorsement Board.

2.5 First time adoption of new standards and amendments

The following is a list of standards, and amendments to standards, that became effective, or were adopted, for the first time during the period ended 31 July 2023.

a. IFRS 17 'Insurance Contracts'

The Group has adopted IFRS 17 'Insurance Contracts' for the first time in the year ended 31 January 2024, with prior period comparatives also restated. IFRS 17 is a comprehensive new accounting standard that applies to all insurance and reinsurance contracts covering the principles of recognition, measurement, presentation and disclosure.

IFRS 17 only applies to insurance contracts that are underwritten by the Group and related reinsurance contracts held. It does not affect the accounting for the Group's Insurance Broking activities.

The changes introduced by IFRS 17 are summarised as follows:

The Group has applied IFRS 17's simplified premium allocation approach (**PAA**) to all insurance contracts issued and reinsurance contracts held.

Applying the PAA, the measurement of liabilities for remaining coverage continues to be based on a deferred premium approach as under previously reported IFRS. However key differences compared to previously reported IFRS are as follows:

- IFRS 17 requires identification of any contracts that are expected to be onerous at initial recognition. The expected losses are recognised immediately in profit or loss, with a liability (a loss component) established on the balance sheet. Under previously reported IFRS, these losses were typically recognised in profit or loss over the coverage period of the insurance contracts.
- The Group has taken the PAA option to expense insurance acquisition costs immediately in profit or loss, meaning that the deferred insurance acquisition cost asset held under previously reported IFRS has been written off.

The measurement of insurance contract liabilities in relation to coverage provided before the statement of financial position date, referred to as liabilities for incurred claims under IFRS 17, has changed. Under IFRS 17, liabilities for incurred claims are now measured as the sum of the following components (collectively referred to as the **fulfilment cash flows**):

- The expected future cash flows, all of which are discounted using a risk-free rate adjusted to reflect the liquidity characteristics of the insurance contracts.
- A risk adjustment, being an explicit margin above the expected future cash flows that represents the compensation required for bearing non-financial uncertainty. The Group has derived the risk adjustment by selecting an appropriate confidence interval using the expected loss distribution for incurred claims.

This differs from previously reported IFRS under which:

- only certain long-tail claim liabilities were discounted. This discounting used a discount rate that didn't typically move in line with market interest rates; and
- the reserve margin was not explicit or linked to a target confidence level.

The consolidated income statement changes under IFRS 17, including:

- introduction of 'Insurance revenue', which is similar to gross earned premiums from previously reported IFRS. Further changes to the presentation of revenue have been made as follows:
  - Revenue from Cruise and Travel services and Insurance Broking services are shown separately (this is not required by IFRS 17).
  - 'Total revenue' is no longer stated after the deduction of reinsurance premiums (the presentation of amounts arising from reinsurance contracts is explained below).
- introduction of an 'Insurance service expenses' line item, comprising all expenses relating to insurance contracts (except for 'Net finance (expense)/income from insurance contracts');
- introduction of a single line item including all income and expenses arising from reinsurance contracts (except for 'Net finance income/(expense) from reinsurance contracts');
- introduction of 'Net finance (expense)/income from insurance contracts' and an equivalent for reinsurance. This caption includes:
  - the unwind of the discounting of the liability for incurred claims. Under previously reported IFRS, only PPO liabilities were discounted, with the unwind of discounting implicitly included within gross claims incurred;
  - the impact of changes in the discount rate used in the measurement of the liability for incurred claims; and
  - the impact of changes in the care worker inflation assumption used in the measurement of claims settled as PPOs.
- the netting down of amounts relating to quota share reinsurance arrangements so that only amounts expected to be paid or received are accounted for. Under previously reported IFRS, quota share reinsurance arrangements are 'grossed up' in the income statement, with large nominal premiums ceded and claims recovered balances which do not necessarily reflect amounts expected to be paid or received.

Full details of the new accounting policy for insurance and reinsurance contracts are included in Note 2.3.

b. Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. They will typically apply to transactions such as leases of lessees and will require the recognition of additional deferred tax assets and liabilities. The amendments are effective for annual reporting periods beginning on, or after, 1 January 2023. The amendments had no effect on the Group's financial statements.

c. Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on, or after, 1 January 2023. The amendments had no effect on the Group's financial statements.

d. Definition of accounting estimates (amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual reporting periods beginning on, or after, 1 January 2023. The amendments had no effect on the Group's financial statements.

e. International tax reform - Pillar two model rules (amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The application (issued 23 May 2023) of the exception and disclosure of that fact is effective immediately, the other disclosure requirements are effective for annual reporting periods beginning on or after 1 January 2023, but not required in any interim financial statements for 2023. The amendments had no effect on the Group's financial statements.

2.6 Significant accounting judgements, estimates and assumptions

The Annual Report and Accounts for the year ended 31 January 2023, available at www.corporate.saga.co.uk, included full details of significant accounting judgements, estimates and assumptions used in the application of the Group's accounting policies.

The adoption of IFRS 17 in the period has resulted in updates to those significant accounting judgements, estimates and assumptions. These updates, which are explained below, have also been applied to the comparatives for the year ending 31 January 2023 which have been restated onto an IFRS 17 basis.

a. Updates to significant judgements

i) Classification of insurance contracts

This judgment is now made by applying the principles of IFRS 17 rather than IFRS 4 (the previous international accounting standard for insurance and reinsurance contracts). This has not resulted in any changes to the conclusions reached.

ii) Insurance contract liabilities (and related reinsurance contract assets)

Eligibility of reinsurance contracts for the PAA

Within the Group's pool of reinsurance contracts (primarily the motor quota share arrangement), some have a coverage period of more than 12 months. Management has applied significant judgment in concluding that these groups are eligible for the of more than 12 months. Management has applied significant judgment in concluding that these groups are eligible for the PAA.

Liability for incurred claims

This judgment relates to the estimation of future claims costs for areas of uncertainty. This was also a key area of judgment under IFRS 4, although the application of this judgment differs under IFRS 17. Claim liabilities no longer include 'actuarial best estimate' or 'reserve margin' elements. Instead, any areas of uncertainty in the estimation of future claims costs are reflected in one or both components of the IFRS 17 liability for incurred claims, being:

- the estimate of the present value of future cash flows; plus
- the risk adjustment.

The approach to determining the risk adjustment within the liability for incurred claims is a key area of judgment under IFRS 17. The Group determines the risk adjustment at the level of each IFRS 17 portfolio of insurance contracts, the most material of which is the motor portfolio, using a confidence level technique (also referred to as a Value at Risk (**VaR**) approach). Following this approach, the total liability for incurred claims (net of reinsurance) is set at the 85% confidence level (ultimate basis), with the 'net' risk adjustment being the difference between this total net liability for incurred claims and the net estimate of the present value of future cash flows. The gross risk adjustment is derived in a similar way, with the reinsurance risk adjustment being the difference between the gross and 'net' risk adjustments.

As the risk adjustment is determined at the level of each IFRS 17 portfolio, no credit is taken for diversification of risk across these portfolios.

A further key area of judgment relates to the discount rate that is applied to the estimate of future cash flows. Under IFRS 17, the discount rate used should reflect the liquidity characteristics of the insurance liabilities. Assessing the liquidity characteristics of the liabilities requires significant judgment. Management concluded that cash flows relating to the liability for incurred claims are illiquid and therefore the discount rate should include an 'illiquidity premium' above the risk-free rate.

b. Updates to significant estimates and assumptions

i) Valuation of insurance contract liabilities (and related reinsurance contract assets)

The valuation of insurance contract liabilities - and in particular liabilities for incurred claims - continues to be a significant estimate under IFRS 17. Key changes following adoption of IFRS 17 are as follows:

Discount rate applied to liabilities for incurred claims

All the Group's liabilities for incurred claims (and related reinsurance assets) are discounted under IFRS 17, whereas previously only PPO liabilities were discounted.

The determination of the discount rate applied to liabilities for incurred claims is a significant estimate. This discount rate reflects the risk-free interest rate in the currency of the insurance liabilities (GBP) plus an illiquidity premium as described above. Such a discount rate is not readily available and therefore must be estimated. The discount rate is estimated by removing from the yield curve of a portfolio of GBP-denominated corporate bonds an estimate of the components of that yield that relate to expected and unexpected credit losses. The portfolio of corporate bonds used reflects the debt securities that the Group holds to supports its insurance liabilities.

Following this approach, the GBP discount rate curves that were applied to liabilities for incurred claims were as follows:

	1 year	3 years	5 years	10 years
31 July 2023	5.6%	5.3%	5.1%	4.9%
31 January 2023	4.2%	4.1%	4.0%	4.1%

Estimates of future cash flows to fulfil liabilities for incurred claims

The approach to estimating the expected future cash flows required to fulfil liabilities for incurred claims is similar to that previously used under IFRS 4. The technical basis for this estimate is set out in Note 2.3.

The Group has re-evaluated the rate of carer wage inflation that is assumed in the valuation of PPO liabilities in the context of the IFRS 17 requirements. This has resulted in the carer wage inflation assumption being set at 1.5% above the discount rate applied to liabilities for incurred claims at all measurement dates since transition to IFRS 17. This appropriateness of this assumption will continue to be assessed at future measurement dates.

Risk adjustment

The confidence level technique used by the Group to determine the risk adjustment requires estimation of the probability distribution of the present value of future cash flows arising from liabilities for incurred claims, including estimates of possible favourable and unfavourable outcomes.

These probability distributions are estimated both gross and net of reinsurance.

2.7 Going concern

The Directors have performed an assessment of going concern to determine the adequacy of the Group's financial resources over a period of 13 months from the date of signing these financial statements, a period selected to include consideration of the 31 October 2024 covenant testing date attached to the Group's £50m revolving credit facility (**RCF**).

This assessment is based on higher case and lower case financial projections which incorporate scenario analysis and stress tests on expected business performance.

The Group's higher case modelling assumes good performance in the Cruise division in the second half of 2023/24 and into 2024/25, on the back of strong booked load factors and per diems. Travel is also expected to achieve continued growth in revenues. The outlook for Insurance, however, remains challenging, with high cost and claims inflation in a competitive market expected to put continued pressure on margins.

The Group's downside scenario incorporates lower load factors for Ocean Cruise, lower levels of demand in River Cruise, slower growth in the Travel business and higher working capital requirements. Downside risks modelled for the Insurance business include the impact of worsening competitive market pressures on the Broking business, continued high cost and claims inflation putting pressure on margins, among other stress tests. Both scenarios reflect further cost reduction measures focused on central overheads and non-core activities.

Under all scenarios modelled, the Group expects to meet scheduled Ocean Cruise debt principal repayments as they fall due over the next 13 months, and to also meet the financial covenants relating to its secured ocean cruise debt.

In addition, in both higher and lower case scenarios and further incorporating a drawdown under the Group's £85m loan facility from Roger De Haan, the Group expects to have sufficient resources to enable repayment of the £150m senior bonds on maturity in May 2024 from Available Cash[8] resources and to have sufficient resources to continue in operation throughout the assessment period.

Over the same time frame, and on the same basis, the Group also expects to remain within the renegotiated financial covenants and other terms relating to its £50m RCF, as set out in Note 16, enabling it to draw down on this currently undrawn facility to meet short-term working capital requirements should the need arise.

Noting that it is not possible to predict accurately all possible future risks to the Group's future trading, based on this analysis and the scenarios modelled, the Directors are confident that the Group will have sufficient funds to continue to meet analysis and the scenarios modelled, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 13 months from the date of approval of the condensed consolidated interim financial statements. They have, therefore, deemed it appropriate to prepare the financial statements to 31 July 2023 on a going concern basis.

[8] Refer to the Alternative Performance Measures Glossary for definition and explanation

3 Segmental information

For management purposes, the Group is organised into business units based on their products and services. The Group has three reportable operating segments as follows:

- **Cruise and Travel:** comprises the operation and delivery of ocean and river cruise holidays as well as package tour and other holiday products. The Group owns and operates two ocean cruise ships. All other holiday and river cruise products are packaged together with third-party supplied accommodation, flights and other transport arrangements.
- **Insurance**: comprises the provision of general insurance products. Revenue is derived primarily from insurance premiums and broking revenues. The segment is further analysed into four product sub-segments:
    - Insurance Broking, consisting of:
        - Motor broking
        - Home broking
        - Other broking
    - Insurance Underwriting
- **Other Businesses and Central Costs**: comprises the Group's other businesses and its central cost base. The other businesses include Saga Money (the personal finance product offering), Saga Insight (the Group's online platform offering customers social interaction and online services), Saga Media and the Group's mailing and printing business.

Segment performance is evaluated using the Group's key performance measure of Underlying Profit Before Tax[9]. Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance or which are managed at a Group level.

Transfer prices between operating segments are set on an arm's-length basis in a manner similar to transactions with third parties. Segment income, expenses and results include transfers between business segments which are then eliminated on consolidation.

All revenue is generated solely in the UK.

Seasonality

The Group is subject to seasonal fluctuations in both its Insurance, and Cruise and Travel, segments resulting in varying profits over each quarter.

The Insurance segment experiences increased motor insurance sales in the month of March and, to a lesser degree, September due to the issue of new vehicle registration plates; and increased home insurance sales in March, June and September coinciding with the historic quarter days. In the motor Insurance Underwriting business, a greater proportion of claims are notified in the second half of the financial year.

Typically, increased holiday departures in the shoulder months of May, June and September and low departure volumes during July and August create seasonal fluctuations in the profit of the Cruise and Travel segment. For the six months ended 31 July 2023, the increase in the Cruise and Travel segment's revenue versus the six months ended 31 July 2022, is due to the further resumption of trading, as the impact of the COVID-19 pandemic on the business began to subside and the business returned to fully operational conditions.

Unaudited 6m to Jul 2023		**Insurance**							
	Cruise and Travel £m	**Motor broking £m**	**Home broking £m**	**Other broking £m**	**Under-writing £m**	**Total £m**	**Other Businesses and Central Costs £m**	**Adjustments £m**	**Total £m**
Non-insurance revenue	196.9	14.1	26.7	21.7	3.5	66.0	12.9	(2.9)	272.9
Insurance revenue	-	9.8	-	0.4	75.0	85.2	-	-	85.2
Revenue	**196.9**	**23.9**	**26.7**	**22.1**	**78.5**	**151.2**	**12.9**	**(2.9)**	**358.1**
Cost of sales (non-Insurance Underwriting)	(139.6)	(4.2)	-	3.8	-	(0.4)	(3.3)	-	(143.3)
Gross profit/(loss) (non-Insurance Underwriting)	**57.3**	**9.9**	**26.7**	**25.5**	**3.5**	**65.6**	**9.6**	**(2.9)**	**129.6**
Insurance service expenses	-	(13.6)	-	-	(101.2)	(114.8)	-	-	(114.8)
Net income from reinsurance contracts	-	0.2	-	-	19.1	19.3	-	-	19.3
Insurance service result	-	**(3.6)**	-	**0.4**	**(7.1)**	**(10.3)**	-	-	**(10.3)**
Administrative and selling expenses	(35.0)	(10.5)	(18.1)	(13.6)	-	(42.2)	(27.7)	2.8	(102.1)
Impairment of assets	-	-	-	-	-	-	-	(68.1)	(68.1)
Net finance expense from insurance contracts	-	-	-	-	(7.6)	(7.6)	-	-	(7.6)
Net finance income from reinsurance contracts	-	-	-	-	4.2	4.2	-	-	4.2
Net loss on disposal of property, plant and equipment	(0.1)	-	-	-	-	-	-	-	(0.1)
Investment income/(loss)	0.1	0.1	-	-	(0.5)	(0.4)	0.6	-	0.3
Finance costs	(11.2)	-	-	-	-	-	(12.5)	-	(23.7)
Profit/(loss) before tax	**11.1**	**(4.1)**	**8.6**	**12.3**	**(7.5)**	**9.3**	**(30.0)**	**(68.2)**	**(77.8)**

Reconciliation to Underlying Profit/(Loss) Before Tax[9]									
Profit/(loss) before tax	**11.1**	**(4.1)**	**8.6**	**12.3**	**(7.5)**	**9.3**	**(30.0)**	**(68.2)**	**(77.8)**
Net fair value loss on derivative financial instruments	0.9	-	-	-	-	-	-	-	0.9
Impairment of goodwill	-	-	-	-	-	-	-	68.1	68.1
Arrangement fee on RDH loan	-	-	-	-	-	-	1.0	-	1.0
Restructuring costs	0.9	-	-	-	-	-	5.0	-	5.9
Acquisition costs relating to the Big Window	-	-	-	-	-	-	-	0.1	0.1
Foreign exchange movement on lease liabilities	(0.6)	-	-	-	-	-	-	-	(0.6)
Fair value losses on debt securities	-	-	-	-	4.8	4.8	-	-	4.8
Changes in underwriting discount rates on non-PPO liabilities	-	-	-	-	(3.1)	(3.1)	-	-	(3.1)
Onerous contract provisions	-	7.0	-	-	2.2	9.2	-	-	9.2
IFRS 16 adjustment on river cruise vessels	(0.5)	-	-	-	-	-	-	-	(0.5)
Underlying Profit/(Loss) Before Tax[9]	**11.8**	**2.9**	**8.6**	**12.3**	**(3.6)**	**20.2**	**(24.0)**	**-**	**8.0**

Unaudited 6m to Jul 2022 (restated[10])	Cruise and Travel £m	Insurance: Motor broking £m	Insurance: Home broking £m	Insurance: Other broking £m	Insurance: Under-writing £m	Insurance: Total £m	Other Businesses and Central Costs £m	Adjustments £m	Total £m
Non-insurance revenue	136.2	23.8	27.2	20.9	1.3	73.2	12.2	(2.2)	219.4
Insurance revenue	-	16.6	-	0.5	80.6	97.7	-	-	97.7
Revenue	**136.2**	**40.4**	**27.2**	**21.4**	**81.9**	**170.9**	**12.2**	**(2.2)**	**317.1**
Cost of sales (non-Insurance Underwriting)	(114.4)	(1.9)	-	2.2	-	0.3	(2.9)	-	(117.0)
Gross profit/(loss) (non-Insurance Underwriting)	**21.8**	**21.9**	**27.2**	**23.1**	**1.3**	**73.5**	**9.3**	**(2.2)**	**102.4**
Insurance service expenses	-	(16.9)	-	-	(75.4)	(92.3)	-	-	(92.3)
Net income from reinsurance contracts	-	-	-	-	6.3	6.3	-	-	6.3
Insurance service result	**-**	**(0.3)**	**-**	**0.5**	**11.5**	**11.7**	**-**	**-**	**11.7**
Administrative and selling expenses	(24.5)	(8.1)	(16.9)	(10.8)	-	(35.8)	(23.5)	2.1	(81.7)
Impairment of assets	-	-	-	-	-	-	-	(269.5)	(269.5)
Net finance income from insurance contracts	-	-	-	-	7.0	7.0	-	-	7.0
Net finance expense from reinsurance contracts	-	-	-	-	(5.3)	(5.3)	-	-	(5.3)
Net profit on disposal of software	-	0.1	-	-	-	0.1	-	-	0.1
Investment loss	-	-	-	-	(3.6)	(3.6)	(1.4)	-	(5.0)
Finance costs	(11.1)	-	-	-	-	-	(11.3)	-	(22.4)
Finance income	0.9	-	-	-	-	-	-	-	0.9
(Loss)/profit before tax	**(12.9)**	**13.6**	**10.3**	**12.8**	**10.9**	**47.6**	**(26.9)**	**(269.6)**	**(261.8)**
Reconciliation to Underlying (Loss)/Profit Before Tax[9]									
(Loss)/profit before tax	**(12.9)**	**13.6**	**10.3**	**12.8**	**10.9**	**47.6**	**(26.9)**	**(269.6)**	**(261.8)**
Net fair value gain on derivative financial instruments	(0.9)	-	-	-	-	-	-	-	(0.9)
Impairment of goodwill	-	-	-	-	-	-	-	269.5	269.5
Restructuring costs	1.5	-	-	-	-	-	0.6	-	2.1
Acquisition costs relating to the Big Window	-	-	-	-	-	-	-	0.1	0.1
Foreign exchange movement on lease liabilities	0.3	-	-	-	-	-	-	-	0.3
Fair value losses on debt securities	-	-	-	-	6.9	6.9	-	-	6.9
Changes in underwriting									

discount rates on non-PPO liabilities	-	-	-	-	(2.9)	(2.9)	-	-	(2.9)
Onerous contract provision	-	-	-	-	0.9	0.9	-	-	0.9
IFRS 16 adjustment on river cruise vessels	0.4	-	-	-	-	-	-	-	0.4
Underlying (Loss)/Profit Before Tax[9]	**(11.6)**	**13.6**	**10.3**	**12.8**	**15.8**	**52.5**	**(26.3)**	**-**	**14.6**

Unaudited 12m to Jan 2023 (restated[10])	Cruise and Travel £m	Insurance Motor broking £m	Home broking £m	Other broking £m	Under-writing £m	Total £m	Other Businesses and Central Costs £m	Adjustments £m	Total £m
Non-insurance revenue	305.5	45.8	57.6	44.4	(2.4)	145.4	24.3	(4.5)	470.7
Insurance revenue	-	31.2	-	0.9	160.9	193.0	-	-	193.0
Revenue	**305.5**	**77.0**	**57.6**	**45.3**	**158.5**	**338.4**	**24.3**	**(4.5)**	**663.7**
Cost of sales (non-Insurance Underwriting)	(242.5)	(4.0)	-	4.5	-	0.5	(6.5)	-	(248.5)
Gross profit/(loss) (non-Insurance Underwriting)	**63.0**	**41.8**	**57.6**	**48.9**	**(2.4)**	**145.9**	**17.8**	**(4.5)**	**222.2**
Insurance service expenses	-	(32.5)	-	-	(183.3)	(215.8)	-	-	(215.8)
Net (expense)/income from reinsurance contracts	-	(0.1)	-	-	27.4	27.3	-	-	27.3
Insurance service result	**-**	**(1.4)**	**-**	**0.9**	**5.0**	**4.5**	**-**	**-**	**4.5**
Administrative and selling expenses	(57.5)	(19.4)	(35.1)	(22.7)	-	(77.2)	(52.2)	4.5	(182.4)
Impairment of assets	-	-	-	-	(1.2)	(1.2)	(0.5)	(269.5)	(271.2)
Net finance income from insurance contracts	-	-	-	-	8.2	8.2	-	-	8.2
Net finance expense from reinsurance contracts	-	-	-	-	(3.7)	(3.7)	-	-	(3.7)
Net profit on disposal of software	-	0.1	-	-	-	0.1	-	-	0.1
Investment loss	-	-	-	-	(7.5)	(7.5)	(2.2)	-	(9.7)
Finance costs	(20.2)	-	-	-	-	-	(22.0)	-	(42.2)
Finance income	1.4	-	-	-	-	-	0.1	-	1.5
(Loss)/profit before tax	**(13.3)**	**21.1**	**22.5**	**27.1**	**(1.6)**	**69.1**	**(59.0)**	**(269.5)**	**(272.7)**
Reconciliation to Underlying (Loss)/Profit Before Tax[9]									
(Loss)/profit before tax	**(13.3)**	**21.1**	**22.5**	**27.1**	**(1.6)**	**69.1**	**(59.0)**	**(269.5)**	**(272.7)**
Net fair value gain on derivative financial instruments	(1.4)	-	-	-	-	-	-	-	(1.4)
Impairment of goodwill	-	-	-	-	-	-	-	269.5	269.5
Impairment of assets	-	-	-	-	0.6	0.6	0.5	-	1.1
Restructuring costs	2.2	-	-	-	-	-	1.5	-	3.7
Acquisition costs relating to the Big Window	-	-	-	-	-	-	0.2	-	0.2
Foreign exchange movement on lease liabilities	2.0	-	-	-	-	-	-	-	2.0
Fair value losses on debt securities	-	-	-	-	15.0	15.0	-	-	15.0
Changes in underwriting discount rates on non-PPO liabilities	-	-	-	-	(6.3)	(6.3)	-	-	(6.3)
Onerous contract provision	-	0.8	-	-	3.0	3.8	-	-	3.8
IFRS 16 adjustment on river cruise vessels	0.6	-	-	-	-	-	-	-	0.6
Underlying (Loss)/Profit Before Tax [9]	**(9.9)**	**21.9**	**22.5**	**27.1**	**10.7**	**82.2**	**(56.8)**	**-**	**15.5**

a. Disaggregation of revenue

Unaudited
6m to Jul 2023

	Cruise and	Insurance	Other	Other Businesses and Central

Major product lines	Travel £m	Underwriting £m	Broking £m	revenue £m	Total Insurance £m	Costs £m	Total £m
Ocean Cruise	103.8						103.8
River Cruise and Travel	93.1						93.1
Motor broking		9.8	14.1	-	23.9		23.9
Home broking		-	26.7	-	26.7		26.7
Other broking		0.4	21.7	-	22.1		22.1
Insurance Underwriting		75.0	-	3.5	78.5		78.5
Money						3.7	3.7
Media						5.8	5.8
Insight						0.5	0.5
	196.9	**85.2**	**62.5**	**3.5**	**151.2**	**10.0**	**358.1**

Unaudited
6m to Jul 2022
(restated[10])

		Insurance					
Major product lines	Cruise and Travel £m	Underwriting £m	Broking £m	Other revenue £m	Total Insurance £m	Other Businesses and Central Costs £m	Total £m
Ocean Cruise	75.7						75.7
River Cruise and Travel	60.5						60.5
Motor broking		16.6	23.8	-	40.4		40.4
Home broking		-	27.2	-	27.2		27.2
Other broking		0.5	20.9	-	21.4		21.4
Insurance Underwriting		80.6	-	1.3	81.9		81.9
Money						4.1	4.1
Media						5.1	5.1
Insight						0.3	0.3
Other						0.5	0.5
	136.2	**97.7**	**71.9**	**1.3**	**170.9**	**10.0**	**317.1**

Unaudited
12m to Jan 2023
(restated[10])

		Insurance					
Major product lines	Cruise and Travel £m	Underwriting £m	Broking £m	Other revenue £m	Total Insurance £m	Other Businesses and Central Costs £m	Total £m
Ocean Cruise	168.3						168.3
River Cruise and Travel	137.2						137.2
Motor broking		31.2	45.8	-	77.0		77.0
Home broking		-	57.6	-	57.6		57.6
Other broking		0.9	44.4	-	45.3		45.3
Insurance Underwriting		160.9	-	(2.4)	158.5		158.5
Money						7.9	7.9
Media						10.3	10.3
Insight						0.6	0.6
Other						1.0	1.0
	305.5	**193.0**	**147.8**	**(2.4)**	**338.4**	**19.8**	**663.7**

9 Refer to the Alternative Performance Measures Glossary for definition and explanation

10 For details of the restatement, please see Notes 2.5, 12 and 15

4 Tax

The major components of the income tax expense are:

	Unaudited 6m to Jul 2023 £m	Unaudited 6m to Jul 2022 (restated[11]) £m	Unaudited 12m to Jan 2023 (restated[11]) £m
Condensed consolidated income statement			
Current income tax			
Current income tax charge	-	2.3	1.1
Adjustments in respect of previous periods	(0.3)	(0.5)	(0.4)
	(0.3)	1.8	0.7
Deferred tax			
Relating to origination and reversal of temporary differences	(5.6)	0.6	(0.2)
Adjustments in respect of previous periods	(0.9)	2.1	(0.1)

	(6.5)	2.7	(0.3)
Tax (income)/expense in the income statement	**(6.8)**	**4.5**	**0.4**

The Group's tax income for the period was £6.8m (July 2022: £4.5m expense) representing a tax effective rate of 70.1% (July 2022: 58.4% (restated)) before the impairment of goodwill. In both the current and prior periods, the difference between the Group's tax effective rate and the standard rate of corporation tax, was mainly due to the Group's Ocean Cruise business being in the tonnage tax regime.

Adjustments in respect of previous periods include adjustments for the over-provision of the tax charge in prior periods of £1.2m (July 2022: £1.6m under-provision).

Reconciliation of net deferred tax assets

	Unaudited 6m to July 2023	Unaudited 6m to Jul 2022 (restated[11])	Unaudited 12m to Jan 2023 (restated[11])
	£m	£m	£m
At 1 February	**11.5**	**7.2**	**7.2**
Tax credit/(charge) recognised in the income statement	6.5	(2.7)	0.3
Tax credit/(charge) recognised in other comprehensive income	1.0	(3.4)	4.0
At the end of the period	**19.0**	**1.1**	**11.5**

On 3 March 2021, it was announced that the corporation tax rate will increase from 19% to 25% from 1 April 2023. This increase was substantively enacted on 24 May 2021. As a result, the closing deferred tax balances at the statement of financial position date have been reflected at 25%. Net deferred tax assets are expected to be normally settled in more than 12 months.

[11] For details of the restatement, please see Notes 2.5, 12 and 15

5 Dividends

No ordinary dividends were declared, nor paid, during the current and prior periods.

Under the terms of the ship debt facilities, dividends remain restricted until the ship debt principal repayments that were deferred as part of the ship debt repayment holiday are fully repaid (Note 16). In addition, under the terms of the RCF, dividends also remain restricted while leverage is above 3.0x (excluding Ocean Cruise EBITDA and debt). The Group maintained sufficient headroom under the RCF covenant during the six months ended 31 July 2023.

6 Loss per share

Basic loss per share is calculated by dividing the loss after tax for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is calculated by also including the weighted average number of ordinary shares that would be issued on conversion of all potentially dilutive options.

There have been no transactions involving ordinary shares, or potential ordinary shares, between the reporting date and the date of authorisation of these financial statements.

The calculation of basic and diluted loss per share is as follows:

	Unaudited 6m to Jul 2023	Unaudited 6m to Jul 2022 (restated[12])	Unaudited 12m to Jan 2023 (restated[12])
	£m	£m	£m
Loss attributable to ordinary equity holders	(71.0)	(266.3)	(273.1)
Weighted average number of ordinary shares	**'m**	**'m**	'm
Ordinary shares as at 1 February	139.5	139.5	139.5
Movement during the period	(0.1)	(0.3)	-
Ordinary shares as at the end of the period	139.4	139.2	139.5
Weighted average number of ordinary shares for basic loss per share and diluted loss per share	139.4	139.2	139.5
Basic loss per share	**(50.9p)**	**(191.3p)**	**(195.7p)**
Diluted loss per share	**(50.9p)**	**(191.3p)**	**(195.7p)**

The table below reconciles between basic loss per share and Underlying Basic Earnings Per Share[13]:

	Unaudited 6m to Jul 2023	Unaudited 6m to Jul 2022 (restated[12])	Unaudited 12m to Jan 2023 (restated[12])
Basic loss per share	**(50.9p)**	**(191.3p)**	**(195.7p)**
Adjusted for:			
Derivative losses/(gains)	0.2p	(0.3p)	(1.2p)
Impairment, and net loss on disposal, of assets	-	-	0.9p
Impairment of Insurance goodwill	48.8p	193.2p	192.8p
Acquisition costs relating to the Big Window (Note 7b)	0.1p	0.4p	0.5p
Onerous contract provision	1.9p	0.3p	3.2p
Arrangement fee on RDH loan	0.2p	-	-
Foreign exchange movement on lease liabilities	(0.1p)	0.1p	1.7p
Fair value losses on debt securities	1.0p	2.2p	12.4p

Changes in underwriting discount rates	(0.6p)	(0.9p)	(5.3p)
Restructuring costs	1.2p	0.7p	3.1p
IFRS 16 lease accounting adjustment on river cruise vessels	(0.1p)	0.1p	0.5p
Underlying Basic Earnings Per Share[13]	**1.7p**	**4.5p**	**12.9p**

[12] For details of the restatement, please see Notes 2.5, 12 and 15

[13] Refer to the Alternative Performance Measures Glossary for definition and explanation

7 Business combinations and disposals

a. Acquisitions during the period ended 31 July 2023

There were no business acquisitions during the period ended 31 July 2023.

b. Acquisitions during the period ended 31 July 2022

On 16 February 2022, the Group acquired The Big Window Consulting Limited (the **Big Window**), a specialist research and insight business focusing on ageing.

The fair values of the identifiable assets and liabilities of the Big Window acquired on the date of acquisition were:

Assets	**£m**
Trade and other receivables	0.1
Cash	1.3
Total assets	1.4
Liabilities	
Trade and other payables	0.1
Corporation tax liability	0.1
Total liabilities	0.2
Total identifiable net assets at fair value	**1.2**
Goodwill arising on acquisition	0.5
Cash purchase consideration transferred	**1.7**

The purchase consideration of £1.7m was settled in cash. In addition to the £1.7m cash purchase consideration transferred, as part of the purchase agreement, the Group granted a £0.5m share-based payment arrangement which vests over three years subject to a number of conditions being met. The £0.5m was transferred in cash to the Group's share administrators on the date of completion. Cash of £1.3m was acquired with the Big Window, resulting in a net cash outflow of £0.9m.

Since acquisition, the addition of the Big Window insights and capabilities has added significant value to all Saga business units, in line with pre-acquisition expectations. However, because these benefits are largely associated with the continued employment of a small number of individuals which, under IFRS 3, cannot be separately capitalised, and given the low materiality of the amounts in question, the Group has written-off the £0.5m goodwill arising on acquisition in the period to 31 July 2022.

The Big Window contributed £0.3m of revenue and £0.1m to the Group profit before tax from the date of acquisition to 31 July 2022.

c. Disposals

There were no business disposals in the period ended 31 July 2023 or the period ended 31 July 2022.

8 Goodwill

Goodwill acquired through business combinations has been allocated to Cash Generating Units (**CGUs**) for the purpose of impairment testing. The carrying value of goodwill by CGU is as follows:

	Unaudited As at Jul 2023 £m	Unaudited As at Jul 2022 £m	As at Jan 2023 £m
Insurance	381.5	449.6	449.6
	381.5	**449.6**	**449.6**

The Group tests all goodwill balances for impairment at least annually, and twice-yearly if indicators of impairment exist at the interim reporting date of 31 July. The impairment test compares the recoverable amount of each CGU to the carrying value of its net assets including the value of the allocated goodwill.

On 1 January 2022, new pricing rules arising from the implementation of recommendations included in the FCA's General Insurance Pricing Practices market study came into effect. As a result, and against the background of a highly competitive motor insurance market, the Group saw a fall in policy volumes in the period to 31 July 2022 and year to 31 January 2023. In the period to 31 July 2023, high claims cost inflation in a competitive market continued to have an adverse impact on the profitability of the Insurance business. Management considered these trading impacts to constitute indicators of impairment and have therefore conducted full impairment reviews of the Insurance CGU as at 31 July 2022, 31 January 2023 and 31 July 2023.

At each review date, the recoverable amount of the Insurance CGU has been determined based on a value-in-use calculation using nominal cash flow projections from the Group's latest five-year financial forecasts, which are derived using past experience of the Group's trading, combined with the anticipated impact of changes in macroeconomic and regulatory factors. A terminal value has been calculated using the Gordon Growth Model based on the fifth year of those projections and an annual growth rate of 2.0% (July 2022: 2.0%, January 2023: 2.0%) as the expected long-term average nominal growth rate of the UK economy. The cash flows have then been discounted to present value using a suitably risk-adjusted nominal discount rate based on a market-participant view of the cost of capital and debt relevant to the insurance industry.

As at 31 July 2023, the pre-tax discount rate used for the Insurance CGU was 13.8% (July 2022: 12.7%; January 2023: 13.0%). The Group's five-year financial forecasts incorporate the modelled adverse impact of motor margin pressures and lower policy sales on future profitability, partially offset by additional efficiency measures. As per IAS 36.44, incremental cash flows directly attributable to growth and other initiatives not yet enacted at the balance sheet date have then been removed for the purpose of the value-in-use calculation.

The Group has also considered the impact of downside stresses, both in terms of adverse impacts to the cash flow projections and to the discount rate. For the cash flow stress test, the Group has modelled the impact of a more prudent projections and to the discount rate. For the cash flow stress test, the Group has modelled the impact of a more prudent outlook of the current competitive challenges seen in the insurance broking market, in combination with a more cautious nominal terminal growth rate of 1.5% (July 2022: 1.5%, 31 January 2023: 1.5%), reflecting a more conservative outlook for growth in the UK economy. For the discount rate stress test, the Group applied risk premia of +0.7ppt at 31 July 2023 (July 2022: +1.2ppt; January 2023: +1.3ppt).

The (deficit)/headroom for the Insurance CGU against the carrying value of goodwill at the time of the review of £449.6m at 31 July 2023 and 31 January 2023 and £718.6m at 31 July 2022 was as follows:

	(Deficit)/headroom £m								
	Central scenario			Cash flow stress test scenario			Discount rate stress test scenario		
	31 July 2023	31 July 2022	31 January 2023	**31 July 2023**	31 July 2022	31 January 2023	**31 July 2023**	31 July 2022	31 January 2023
Insurance	**11.6**	(121.8)	153.9	**(88.7)**	(269.0)	12.0	**(9.8)**	(146.8)	92.6

As at 31 July 2022, the Group determined that the recoverable amount of the goodwill asset allocated to the Insurance CGU was below the carrying value, and so the Directors took the decision to impair the goodwill by £269.0m, based on a probability weighted assessment of the forecast cash flows modelled.

At 31 July 2023, the Group again determined that the recoverable amount of the goodwill was below the carrying value, and so the Directors took the decision to impair the goodwill by a further £68.1m, based on a probability weighted assessment of the forecast cash flows modelled.

The headroom calculated is sensitive to the discount rate and terminal growth rate assumed, and to changes in the projected cash flow of the CGU. Increased inflationary pressures on claims costs, the evolving market response to the regulatory changes introduced in early 2022 and, in particular, the extent to which market prices move against Saga in a period of heightened global economic uncertainty, combine to increase the range of possible cash flow outcomes in management's modelling. A quantitative sensitivity analysis for each of these as at 31 July 2023 and its impact on the central scenario headroom against the carrying value of goodwill at the time of the review of £449.6m is as follows:

	Pre-tax discount rate		Terminal growth rate		Cash flow (annual)	
	+1.0ppt £m	-1.0ppt £m	+1.0ppt £m	-1.0ppt £m	+10% £m	-10% £m
Insurance	(40.6)	50.8	37.9	(30.3)	41.5	(41.5)

For the reasons explained in Note 7, goodwill of £0.5m arising on the acquisition of the Big Window in the period to 31 July 2022 was immediately impaired in full.

9 Intangible fixed assets

During the period, the Group capitalised £10.9m (July 2022: £3.9m) of software assets, disposed of assets with a net book value of £nil (July 2022: £nil) and charged £4.3m (July 2022: £4.5m) of amortisation and impairment to its intangible assets. Profit arising on disposal was £nil (July 2022: £0.1m).

10 Property, plant and equipment

During the period, the Group capitalised assets with a cost of £1.7m (July 2022: £1.7m), disposed of assets with a net book value of £0.1m (July 2022: £0.1m) and charged £11.4m (July 2022: £11.6m) of depreciation and impairment to its property, plant and equipment. Loss arising on disposal was £0.1m (July 2022: £nil).

As at 31 July 2023, capital amounts contracted for but not provided for, in the financial statements, amounted to £nil (July 2022: £nil).

a. Impairment review of property, plant and equipment

Due to the continued impact of the COVID-19 pandemic on the Group's Cruise and Travel operations in the first half of the prior financial year, management concluded that potential indicators of impairment continued to exist as at 31 July 2022 for both of its ocean cruise ships, Spirit of Discovery and Spirit of Adventure. Management therefore conducted impairment reviews at 31 July 2022 for both vessels, following previous reviews conducted at 31 January 2022.

The impairment test was conducted using a methodology consistent with that applied as at 31 January 2022. The recoverable amount of each ocean cruise ship was determined based on a value-in-use calculation using cash flow projections from the Group's five-year financial forecasts to 2026/27 and applying a constant annual growth rate of 2% thereafter for subsequent periods until the end of the ship's useful economic life of 30 years, at which point a residual value of 15% of original cost was assumed. This was then discounted back to present value using a suitably risk-adjusted discount rate. The underlying forecast cash flows were updated for the latest impact of the COVID-19 pandemic. In addition, a stress test of the potential adverse medium-term impact that the pandemic may have on demand for ocean cruises was also considered, with load factors capped at 80% throughout 2023/24. The annual growth rate beyond the fifth year of management forecasts was reduced to 1.5% in the stress test scenario, reflecting a more cautious outlook for long-term growth in the UK economy.

Potential environmental regulatory changes were also considered as part of this assessment. The shipping industry has made a commitment to reduce CO_2 emissions by 40% by 2030 (from a 2008 baseline), and the UK Government has made commitments to reach net zero emissions by 2050. The Energy Efficiency eXisting ships Index and Carbon Intensity Indicator regulations were introduced internationally during the prior year to enable the industry to meet the 2030 target, and both of Saga's ocean cruise ships meet the requirements of these regulations. The end of their useful economic lives of 30 years will have been reached by 2049 in the case of Spirit of Discovery and 2051 in the case of Spirit of Adventure.

The Group did not factor in any potential fuel modifications that may occur in the future into the cash flow forecasts used for the impairment assessment of either ship. Whilst alternative fuels may present a viable route to decarbonisation for the Ocean Cruise business, there are significant upstream supply challenges which will need to be resolved before these become viable for deployment. The main engines currently installed in the Group's ocean cruise ships are capable of being modified for use with certain alternative fuels. Being new vessels, the design and specification of the Group's ocean cruise ships was guided by a desire to maximise efficiency through deployment of the most up-to-date technology. Their hull design maximises fuel efficiency, onboard technology minimises fuel consumption and catalytic converters reduce carbon emissions. Additionally, the Group has commenced the retro-fit of shore power connections to one of its vessels, and is planning on doing the same to the other vessel, allowing them to use clean energy, where available, in ports of call and has commenced a study to evaluate other emerging technologies. The capital expenditure required for the shore power connections has been included in the forecast cash flows used in the assessment.

There is also currently no technological alternative to either oil or gas to power large vessels and it is not clear if such technology will ever be commercially viable, or in what time frame this might be achieved.

The cash flows were discounted to present value using a pre-tax discount rate of 8.6% (January 2022: 9.9%) for both vessels. As at 31 July 2022, the headroom for each of the ships against the carrying value was as follows:

	Headroom £m	
	Central scenario	RWC stress test scenario
Spirit of Discovery	169.0	146.5
Spirit of Adventure	114.7	91.6

Based on these impairment tests, and looking at the likelihood of a range of outcomes, the Group was satisfied that no impairment of either vessel was necessary as at 31 July 2022.

Subsequent to 31 July 2022, further COVID-19 restrictions were lifted for cruise passengers and the business returned to fully operational conditions. Discount rates have risen, but not to the extent that they materially change the headroom in the impairment calculation. The Directors therefore concluded that there were no additional indicators of impairment at 31 July 2023 and 31 January 2023, and accordingly no further impairment review has been deemed necessary.

As the Group planned to vacate most of its properties (Note 18), management concluded that this constituted an indicator of impairment and duly conducted an impairment review as at 31 January 2023 of the Group's freehold, and long leasehold, land and buildings, and related fixtures and fittings. In relation to these freehold and long leasehold properties, value-in-use is negligible and so the Group obtained market valuations to determine the fair value of each building. The outcome of these impairment reviews concluded that an impairment charge totalling £0.5m relating to fixtures and fittings should be recognised against the Group's assets as at 31 January 2023. At 31 January 2023, the Group reclassified assets with a net book value of £19.5m to assets held for sale (Note 18).

11 Right-of-use assets

During the period, the Group capitalised assets with a cost of £6.5m (July 2022: £49.6m) and charged £6.5m (July 2022: £8.1m) of depreciation and impairment to its right-of-use assets. Right-of-use assets capitalised in the period ended 31 July 2022 primarily relate to river cruise ship additions relating to the vessels, Spirit of the Danube, MS River Discovery II and MS Serenade 1.

a. Impairment review of right-of-use assets

The Group does not consider it necessary to conduct an impairment review of right-of-use assets as at 31 July 2023 since no new indicators of impairment have been identified.

12 Financial assets and financial liabilities

a. Financial assets

	Note	**Unaudited As at 31 Jul 2023**	Unaudited As at 31 Jul 2022 (restated[14])	Unaudited As at 31 Jan 2023 (restated[14])
		£m	£m	£m
FVTPL				
Foreign exchange forward contracts		0.1	0.9	0.4
Loan funds		-	5.8	5.9
Money market funds	13	0.7	27.1	19.6
Debt securities		230.2	259.9	254.4
		231.0	**293.7**	**280.3**
FVTPL designated in a hedging relationship				
Foreign exchange forward contracts		0.2	3.4	2.1
Fuel oil swaps		0.8	0.9	-
		1.0	**4.3**	**2.1**
Amortised cost				
Deposits with financial institutions		10.5	-	-
		10.5	**-**	**-**
Total financial assets		**242.5**	**298.0**	**282.4**
Current		33.6	66.3	62.8
Non-current		208.9	231.7	219.6
		242.5	**298.0**	**282.4**

The Group's financial assets are analysed by Moody's credit risk rating on page 24of the Group Chief Financial Officer's Review.

b. Financial liabilities

	Note	**Unaudited As at 31 Jul 2023**	Unaudited As at 31 Jul 2022	As at 31 Jan 2023
		£m	£m	£m
FVTPL				
Foreign exchange forward contracts		0.7	0.8	0.2
		0.7	**0.8**	**0.2**
FVTPL designated in a hedging relationship				
Foreign exchange forward contracts		3.8	1.6	1.0
Fuel oil swaps		0.4	0.9	4.0
		4.2	**2.5**	**5.0**
Amortised cost				
Bonds and bank loans	16	825.3	883.5	854.6
Lease liabilities		31.8	77.5	32.6
Bank overdrafts	13	1.7	0.8	4.4
		858.8	**961.8**	**891.6**
Total financial liabilities		**863.7**	**965.1**	**896.8**
Current		226.3	80.6	118.6
Non-current		637.4	884.5	778.2
		863.7	**965.1**	**896.8**

c. Fair value hierarchy

	Unaudited As at 31 Jul 2023				Unaudited As at 31 Jul 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets measured at fair value								
Foreign exchange forwards	-	0.3	-	0.3	-	4.3	-	4.3
Fuel oil swaps	-	0.8	-	0.8	-	0.9	-	0.9
Loan funds	-	-	-	-	5.8	-	-	5.8

Debt securities	230.2	-	-	230.2	259.9	-	-	259.9
Money market funds	0.7	-	-	0.7	27.1	-	-	27.1
Financial liabilities measured at fair value								
Foreign exchange forwards	-	4.5	-	4.5	-	2.4	-	2.4
Fuel oil swaps	-	0.4	-	0.4	-	0.9	-	0.9
Financial assets for which fair values are disclosed								
Deposits with institutions	-	10.5	-	10.5	-	-	-	-
Financial liabilities for which fair values are disclosed								
Bonds and bank loans	-	750.9	-	750.9	-	825.5	-	825.5
Lease liabilities	-	31.8	-	31.8	-	77.5	-	77.5
Bank overdrafts	-	1.7	-	1.7	-	0.8	-	0.8

	As at 31 Jan 2023			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets measured at fair value				
Foreign exchange forwards	-	2.5	-	2.5
Loan funds	5.9	-	-	5.9
Debt securities	254.4	-	-	254.4
Money market funds	19.6	-	-	19.6
Financial liabilities measured at fair value				
Foreign exchange forwards	-	1.2	-	1.2
Fuel oil swaps	-	4.0	-	4.0
Financial liabilities for which fair values are disclosed				
Bonds and bank loans	-	788.9	-	788.9
Lease liabilities	-	32.6	-	32.6
Bank overdrafts	-	4.4	-	4.4

Full details of the valuation techniques and inputs used to develop fair value measurements can be found in the Annual Report and Accounts for the year ended 31 January 2023.

d. Other information

Debt securities, money market funds and deposits with financial institutions relate to monies held by the Group's Insurance Underwriting business and are subject to contractual restrictions and are not readily available to be used for other purposes within the Group. The values of the debt securities, money market funds and loan funds are based upon publicly available market prices.

There have been no transfers between Level 1 and Level 2 and no non-recurring fair value measurements of assets and liabilities during the period (July 2022: none).

Foreign exchange forwards are valued using current spot and forward rates discounted to present value. They are also adjusted for counterparty credit risk using credit default swap curves. Fuel oil swaps are valued with reference to the valuations provided by third parties, which use current Platts index rates, discounted to present value.

The Group operates a programme of economic hedging against its foreign currency and fuel oil exposures. During the period, the Group designated 139 foreign exchange forward currency contracts as hedges of highly probable foreign currency cash expenses in future periods and designated 20 fuel oil swaps as hedges of highly probable fuel oil purchases in future periods. As at 31 July 2023, the Group has designated 375 forward currency contracts and 70 fuel oil swaps as hedges.

During the period, the Group recognised net losses of £1.7m (July 2022: net gains of £5.4m) on cash flow hedging instruments through OCI into the hedging reserve. The Group recognised £nil gains (July 2022: £nil gains) through the income statement in respect of the ineffective portion of hedges measured during the period.

During the period, the Group de-designated one foreign currency forward contract, with a transaction value of £nil, where the forecast cash flows are no longer expected to occur with a sufficiently high degree of certainty to meet the requirements of IFRS 9. The accumulated gains in relation to this contract of £nil has been reclassified from the hedging reserve into profit or loss during the period. The Group has not de-designated any fuel oil swaps during the period. During the period, the Group recognised a £1.3 loss (July 2022: £2.3m gain) through the income statement in respect of matured hedges which have been recycled from OCI.

[14] For details of the restatement, please see Note 2.3. As a result of the adoption of IFRS 17 during the period, the Group has changed classification of debt securities under IFRS 9, from FVOCI to FVTPL, for the periods ended 31 July 2022 and 31 January 2023

13 Cash and cash equivalents

	Unaudited As at 31 Jul 2023 £m	Unaudited As at 31 Jul 2022 £m	As at 31 Jan 2023 £m
Cash at bank and in hand	84.3	99.6	52.0
Short-term deposits	122.9	112.2	124.5
Cash and short-term deposits	**207.2**	**211.8**	**176.5**
Money markets funds (Note 12a)	0.7	27.1	19.6
Bank overdraft (Note 12b)	(1.7)	(0.8)	(4.4)
Cash and cash equivalents in the cash flow statement	**206.2**	**238.1**	**191.7**

Included within cash and cash equivalents are amounts held by the Group's River Cruise, Travel and Insurance businesses, which are subject to contractual or regulatory restrictions. These amounts held are not readily available to be used for other purposes within the Group and total £25.5m (July 2022: £59.1m). Available Cash[15] excludes these amounts and any amounts held by disposal groups.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are typically made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The bank overdraft is subject to a guarantee in favour of the Group's bankers and is limited to the amount drawn. The bank overdraft is repayable on demand.

[15] Refer to the Alternative Performance Measures Glossary for definition and explanation

14 Retirement benefit schemes

The Group operates retirement benefit schemes for the employees of the Group consisting of defined contribution plans and a legacy defined benefit plan.

In July 2021, following the completion of a review of the Group's pension arrangements, a consultation process with active members was launched. The consultation process concluded during October 2021, and with effect from 31 October 2021, the Group closed both its existing schemes to future accrual: the Saga Pension Scheme (its defined benefit plan) and the Saga Workplace Pension Plan (its defined contribution plan). In their place, the Group launched a new defined contribution pension scheme arrangement, operated as a Master Trust. This move served to reduce the risk of further deficits developing in the future on the defined benefit scheme, while moving to a fairer scheme for all colleagues.

a. Defined contribution schemes

There are three defined contribution schemes in the Group. The assets of these schemes are held separately from those of the Group in funds under the control of Trustees.

b. Defined benefit plan

The Group operated a funded defined benefit scheme, the Saga Pension Scheme, which was closed to future accrual on 31 October 2021. From 1 November 2021, members moved from active to deferred status, with future indexation of deferred pensions before retirement measured by reference to the Consumer Price Index. The assets of the scheme are held separately from those of the Group in independently administered funds.

The fair value of the assets and present value of the obligations of the Saga defined benefit scheme are as follows:

	Unaudited As at 31 Jul 2023 £m	Unaudited As at 31 Jul 2022 £m	As at 31 Jan 2023 £m
Fair value of scheme assets	208.5	331.9	224.1
Present value of defined benefit obligation	(216.5)	(314.5)	(236.2)
Defined benefit scheme (liability)/asset	**(8.0)**	**17.4**	**(12.1)**

The present value of the defined benefit obligation at 31 January 2023 was measured using the projected unit credit method. Liabilities at 31 July 2023 have been estimated by rolling forward from 31 January 2023, allowing for changes in market conditions and estimating the value of benefits accrued and paid out over the period.

During the period ended 31 July 2023, the net liability position of the Saga Scheme reduced by £4.1m, resulting in an overall scheme deficit of £8.0m, mainly as a result of a recovery plan contribution being paid by the Group, although this has been partially offset by higher than expected inflation experience. The £5.8m deficit funding contribution was paid by the Group in February 2023 in relation to a recovery plan agreed under the latest triennial valuation of the scheme as at 31 January 2020.

The movements observed in the scheme's assets and obligations have been impacted by macroeconomic factors during the period where, at a global level, there have been rising inflation and cost of living pressures, as well as shifts in long-term market yields. The present value of defined benefit obligations decreased by £19.7m to £216.5m, primarily due to a 55bps increase in the discount rate which is based on increases in long-term trend corporate bond yields. The fair value of scheme assets decreased by £15.6m to £208.5m. The decrease in asset values has been largely driven by the rise in interest rates in the period.

15 Insurance and reinsurance contract liabilities and assets

The Group has adopted IFRS 17 'Insurance Contracts' for the first time in the year ending 31 January 2024, with the date of initial application being 1 February 2023 and the transition date being 1 February 2022. The comparatives for the period ended 31 July 2022 and the year ended 31 January 2023 have been restated onto an IFRS 17 basis. For further details of the restatement, please see Note 2.5.

	Liabilities for remaining coverage		**Liabilities for incurred claims**		
Unaudited As at 1 February 2023 (restated)	**Excluding loss component £m**	**Loss component £m**	**Estimate of the present value of future cash flows £m**	**Risk adjustment £m**	**Total £m**
Insurance contract liabilities	**(44.3)**	**(8.4)**	**(259.2)**	**(35.6)**	**(347.5)**
Insurance revenue	85.2	-	-	-	85.2
Incurred claims and related expenses	-	5.3	(92.0)	(6.6)	(93.3)
Changes to liabilities for incurred claims	-	-	2.2	6.3	8.5
Insurance acquisition cash flows incurred	(12.4)	-	-	-	(12.4)
Losses on onerous contracts and reversals of those losses	-	(10.0)	-	-	(10.0)
Other incurred insurance service expenses	-	-	(7.6)	-	(7.6)
Insurance service expenses	(12.4)	(4.7)	(97.4)	(0.3)	(114.8)
Insurance finance expense	-	-	(6.7)	(0.9)	(7.6)

Total changes in the consolidated income statement	**72.8**	**(4.7)**	**(104.1)**	**(1.2)**	**(37.2)**
Cash flows					
Premiums received	(80.7)	-	-	-	(80.7)
Insurance acquisition cash flows paid	12.4	-	-	-	12.4
Claims and other expenses paid	-	-	99.4	-	99.4
Total cash flows	**(68.3)**	**-**	**99.4**	**-**	**31.1**
Unaudited **As at 31 July 2023**					
Insurance contract liabilities	**(39.8)**	**(13.1)**	**(263.9)**	**(36.8)**	**(353.6)**

	Assets for remaining coverage		**Amounts recoverable on incurred claims**		
Unaudited **As at 1 February 2023 (restated)**	**Excluding loss-recovery component £m**	**Loss-recovery component £m**	**Estimate of the present value of future cash flows £m**	**Risk adjustment £m**	**Total £m**
Reinsurance contract (liabilities)/assets	**(5.5)**	**2.7**	**87.6**	**27.4**	**112.2**
Allocation of reinsurance premiums	**(8.0)**	**-**	**-**	**-**	**(8.0)**
Amounts recoverable for incurred claims and other expenses	-	(0.9)	17.1	2.1	18.3
Changes to amounts recoverable for incurred claims	-	-	8.8	(0.9)	7.9
Loss-recovery on onerous underlying contracts and adjustments	-	1.6	-	-	1.6
Effect of changes in the risk of non-performance of reinsurance contracts	-	-	(0.5)	-	(0.5)
Net (expense)/income from reinsurance contracts	(8.0)	0.7	25.4	1.2	19.3
Reinsurance finance income	-	-	3.0	1.2	4.2
Total changes in the consolidated income statement	**(8.0)**	**0.7**	**28.4**	**2.4**	**23.5**
Cash flows					
Premiums received	12.3	-	-	-	12.3
Amounts received	-	-	(0.1)	-	(0.1)
Total cash flows	**12.3**	**-**	**(0.1)**	**-**	**12.2**
Unaudited **As at 31 July 2023**					
Reinsurance contract (liabilities)/assets	**(1.2)**	**3.4**	**115.9**	**29.8**	**147.9**

	Liabilities for remaining coverage		Liabilities for incurred claims		
Unaudited As at 1 February 2022 (restated)	Excluding loss component £m	Loss component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
Insurance contract liabilities	**(54.9)**	**(1.9)**	**(267.6)**	**(35.2)**	**(359.6)**
Insurance revenue	97.7	-	-	-	97.7
Incurred claims and related expenses	-	1.8	(82.1)	(5.1)	(85.4)
Changes to liabilities for incurred claims	-	-	12.3	6.6	18.9
Insurance acquisition cash flows incurred	(15.8)	-	-	-	(15.8)
Losses on onerous contracts and reversals of those losses	-	(3.2)	-	-	(3.2)

Other incurred insurance service expenses	-	-	(6.8)	-	(6.8)
Insurance service (expenses)/income	(15.8)	(1.4)	(76.6)	1.5	(92.3)
Insurance finance income	-	-	6.2	0.8	7.0
Total changes in the consolidated income statement	**81.9**	**(1.4)**	**(70.4)**	**2.3**	**12.4**
Cash flows					
Premiums received	(93.9)	-	-	-	(93.9)
Insurance acquisition cash flows paid	15.8	-	-	-	15.8
Claims and other expenses paid	-	-	88.1	-	88.1
Total cash flows	**(78.1)**	**-**	**88.1**	**-**	**10.0**
Unaudited As at 31 July 2022 (restated)					
Insurance contract liabilities	**(51.1)**	**(3.3)**	**(249.9)**	**(32.9)**	**(337.2)**

	Assets for remaining coverage		Amounts recoverable on incurred claims		
Unaudited As at 1 February 2022 (restated)	Excluding loss-recovery component £m	Loss-recovery component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
Reinsurance contract liabilities	(1.1)	-	-	-	(1.1)
Reinsurance contract assets	(5.1)	-	63.7	22.5	81.1
Net reinsurance contract (liabilities)/assets	**(6.2)**	**-**	**63.7**	**22.5**	**80.0**
Allocation of reinsurance premiums	(7.3)	-	-	-	(7.3)
Amounts recoverable for incurred claims and other expenses	-	(0.1)	4.7	0.7	5.3
Changes to amounts recoverable for incurred claims	-	-	8.3	(0.3)	8.0
Loss-recovery on onerous underlying contracts and adjustments	-	0.5	-	-	0.5
Effect of changes in the risk of non-performance of reinsurance contracts	-	-	(0.2)	-	(0.2)
Net (expense)/income from reinsurance contracts	(7.3)	0.4	12.8	0.4	6.3
Reinsurance finance expense	-	-	(3.9)	(1.4)	(5.3)
Total changes in the consolidated income statement	**(7.3)**	**0.4**	**8.9**	**(1.0)**	**1.0**
Cash flows					
Premiums paid	13.7	-	-	-	13.7
Amounts received	-	-	(4.9)	-	(4.9)
Total cash flows	**13.7**	**-**	**(4.9)**	**-**	**8.8**
Unaudited As at 31 July 2022 (restated)					
Reinsurance contract assets	**0.2**	**0.4**	**67.7**	**21.5**	**89.8**

	Liabilities for remaining coverage		Liabilities for incurred claims		
Unaudited As at 1 February 2022 (restated)	Excluding loss component £m	Loss component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
Insurance contract liabilities	**(54.9)**	**(1.9)**	**(267.6)**	**(35.2)**	**(359.6)**
Insurance revenue	193.0	-	-	-	193.0

Incurred claims and related expenses	-	4.4	(182.7)	(10.7)	(189.0)
Changes to liabilities for incurred claims	-	-	19.0	9.3	28.3
Insurance acquisition cash flows incurred	(29.5)	-	-	-	(29.5)
Losses on onerous contracts and reversals of those losses	-	(10.9)	-	-	(10.9)
Other incurred insurance service expenses	-	-	(14.7)	-	(14.7)
Insurance service expenses	(29.5)	(6.5)	(178.4)	(1.4)	(215.8)
Insurance finance income	-	-	7.2	1.0	8.2
Total changes in the consolidated income statement	**163.5**	**(6.5)**	**(171.2)**	**(0.4)**	**(14.6)**
Cash flows					
Premiums received	(182.4)	-	-	-	(182.4)
Insurance acquisition cash flows paid	29.5	-	-	-	29.5
Claims and other expenses paid	-	-	179.6	-	179.6
Total cash flows	**(152.9)**	**-**	**179.6**	**-**	**26.7**
Unaudited As at 31 January 2023 (restated)					
Insurance contract liabilities	**(44.3)**	**(8.4)**	**(259.2)**	**(35.6)**	**(347.5)**

	Assets for remaining coverage		Amounts recoverable on incurred claims		
Unaudited As at 1 February 2022 (restated)	Excluding loss-recovery component £m	Loss-recovery component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
Reinsurance contract liabilities	(1.1)	-	-	-	(1.1)
Reinsurance contract assets	(5.1)	-	63.7	22.5	81.1
Net reinsurance contract (liabilities)/assets	**(6.2)**	**-**	**63.7**	**22.5**	**80.0**
Allocation of reinsurance premiums	(14.8)	-	-	-	(14.8)
Amounts recoverable for incurred claims and other expenses	-	(0.3)	29.2	3.9	32.8
Changes to amounts recoverable for incurred claims	-	-	4.2	2.0	6.2
Loss-recovery on onerous underlying contracts and adjustments	-	3.0	-	-	3.0
Effect of changes in the risk of non-performance of reinsurance contracts	-	-	0.1	-	0.1
Net (expense)/income from reinsurance contracts	(14.8)	2.7	33.5	5.9	27.3
Reinsurance finance expense	-	-	(2.7)	(1.0)	(3.7)
Total changes in the consolidated income statement	**(14.8)**	**2.7**	**30.8**	**4.9**	**23.6**
Cash flows					
Premiums paid	15.5	-	-	-	15.5
Amounts received	-	-	(6.9)	-	(6.9)
Total cash flows	**15.5**	**-**	**(6.9)**	**-**	**8.6**
Unaudited As at 31 January 2023 (restated)					
Reinsurance contract (liabilities)/assets	**(5.5)**	**2.7**	**87.6**	**27.4**	**112.2**

16 Loans and borrowings

	Unaudited As at 31 Jul 2033 £m	Unaudited As at 31 Jul 2022 £m	As at 31 Jan 2023 £m

Bonds	400.0	400.0	400.0
Ship loans	438.1	500.3	469.2
RCF	-	-	-
Accrued interest payable	5.0	5.7	5.5
	843.1	906.0	874.7
Less: deferred issue costs	(17.8)	(22.5)	(20.1)
	825.3	**883.5**	**854.6**

Term loan, RCF and bonds

At 31 July 2023, the Group's financing facilities consisted of a £150.0m seven-year senior unsecured bond (repayable May 2024), a £250.0m five-year senior unsecured bond (repayable July 2026) and a £50.0m five-year RCF (expiring in May 2025). The bonds are listed on the Irish Stock Exchange and are guaranteed by Saga Services Limited and Saga Mid Co Limited.

Interest on the 2024 corporate bond is incurred at an annual interest rate of 3.375%. Interest on the 2026 corporate bond is incurred at an annual interest rate of 5.5%. Interest payable on the Group's RCF, if drawn down, is incurred at a variable rate of SONIA plus a bank margin which is linked to the Group's leverage ratio.

During the period to 31 July 2022, the Group agreed amendments with its banks to simplify the RCF arrangement to remove certain clauses that were introduced during the COVID-19 pandemic and reduce the aggregate facility cost. The amendments to the RCF include:

- removal of the £40.0m minimum liquidity requirement;
- removal of the condition that the facility (if drawn) is repaid on 1 March 2024, if the existing 2024 bond has not been redeemed prior to this date; and
- reduction of the RCF commitment from £100.0m to £50.0m.

In addition, dividends remain restricted while leverage (excluding Cruise) is above 3.0x.

Subsequent to the above, in the six-month period to 31 January 2023, the Group had further discussions with its lending banks behind the RCF and agreed the following amendments to the facility:

- The introduction of a restriction whereby, no utilisation of the facility is permitted prior to repayment of the 2024 bond if leverage exceeds 5.5x, or liquidity is below £170.0m.
- During 2023 and 2024, should the RCF be drawn, leverage covenant testing will be quarterly.
- Repayment of the 2024 bond, ahead of maturity, is restricted while leverage remains above 3.75x.
- Amendments to the leverage and interest cover covenants attached to the facility, as follows:

	Leverage (excl. Ocean Cruise)	**Interest cover**
31 January 2023	4.75x	2.5x
30 April 2023	6.75x	n/a
31 July 2023	6.75x	2.5x
31 October 2023	6.75x	n/a
31 January 2024	5.5x	2.75x
30 April 2024	5.5x	n/a
31 July 2024	5.5x	3.0x
31 October 2024	5.5x	n/a
31 January 2025	4.75x	3.0x

At 31 July 2023, the Group's £50.0m RCF remained undrawn. Accrued interest payable on the Group's bonds at 31 July 2023 is £1.8m (July 2022: £2.5m).

During the period ended 31 July 2022, the Group repaid its £200.0m five-year term loan (repayable May 2023) in full. Interest was incurred at a variable rate of London Inter-Bank Offered Rate (**LIBOR**, since replaced by **SONIA**) plus a bank margin which was linked to the Group's leverage ratio.

In the period to 31 July 2023, and as amended since the end of the period, the Group has entered into a forward starting loan facility agreement with Roger De Haan, commencing on 1 January 2024, under which the Group may draw down up to £85.0m (£50.0m per the original terms) with 30 days' notice to support liquidity needs and specifically the repayment of £150.0m bonds maturing in May 2024. The facility is provided on an arm's length basis. Interest will accrue on the facility at the rate of 10% and is payable on the last day of the period of the loan. The amended facility matures on 31 December 2025 (previously 30 June 2025), at which point any outstanding amounts, including interest, must be repaid. The interest rate paid on funds drawn under this facility to finance the repayment of notes issued by Saga plc, or to provide cash collateral demanded by providers of bonding facilities to the Group, is 10%, increasing to 18% for any amounts drawn to support general corporate purposes. In addition, a drawing fee of 2% is payable (increasing to 5% for drawdowns for general corporate purposes), alongside milestone payments of 2% of any uncancelled amounts of the facility on each of 31 March 2024 and 31 December 2024. The amended facility has been provided on the basis of certain conditions being met; including:

- no professional advisors may be appointed to or retained by Saga plc without prior approval of the Board; and
- no incremental financial indebtedness, over and above the facilities already in place, may be incurred by Group companies, including contracts classed as finance lease arrangements under previous IFRS.

Ocean cruise ship loans

In June 2019, the Group drew down £245.0m of financing for its ocean cruise ship, Spirit of Discovery. The financing represents a 12-year fixed-rate sterling loan, secured against the Spirit of Discovery cruise ship asset, and backed by an export credit guarantee. The initial loan was repayable in 24 broadly equal instalments, with the first payment of £10.2m paid in December 2019.

The Board announced on 22 June 2020 that it had secured a debt holiday and covenant waiver for the Group's ship facilities. The Group's lenders agreed to a deferral of £32.1m in principal payments under the ship facilities that were due up to 31 March 2021. These deferred amounts were to be paid between June 2021 and December 2024 for Spirit of Discovery and between September 2021 and March 2025 for Spirit of Adventure, and interest remained payable.

On 29 September 2020, the Group drew down £280.8m of financing for its ocean cruise ship, Spirit of Adventure. The financing, secured against the Spirit of Adventure cruise ship asset, represents a 12-year fixed-rate sterling loan, backed by an export credit guarantee. The loan is repayable in 24 broadly equal instalments, with the first payment originally due six months after delivery in March 2021, but initially deferred to September 2021 as a result of the debt holiday described above.

In March 2021, the Group reached agreement of a one-year extension to the debt deferral on its ocean cruise ship facilities. As part of an industry-wide package of measures to support the cruise industry, an extension of the existing debt deferral was agreed to 31 March 2022. The key terms of this deferral were:

- all principal payments to 31 March 2022 (£51.8m) deferred and repaid over five years;
- all financial covenants until 31 March 2022 waived; and

- all financial covenants until 31 March 2022 waived; and
- dividends remain restricted while the deferred principal is outstanding.

In the period to 31 July 2023, the Group concluded discussions with its Cruise lenders in respect of the covenant restrictions attaching to its two ship debt facilities. Lenders agreed to a waiver of the EBITDA to debt repayment covenant ratio for the 31 July 2023 testing date.

After the end of the period, the Group concluded discussions with its Cruise lenders to amend the covenants on the two ship debt facilities as follows:

- Reduction in the EBITDA to debt repayment ratio from 1.2x to 1.0x for the additional periods up to and including 31 January 2025.

Interest on the Spirit of Discovery ship loan is incurred at an effective annual interest rate of 4.31% (including arrangement and commitment fees). Interest on the Spirit of Adventure ship loan is incurred at an effective annual interest rate of 3.30% (including arrangement and commitment fees). Interest payable on the Group's ocean cruise ship debt deferrals is incurred at a variable rate of SONIA plus a bank margin.

Accrued interest payable on the Group's ocean cruise ship loans at 31 July 2023 is £3.2m (July 2022: £3.2m).

Total debt and finance costs

At 31 July 2023, deferred debt issue costs were £17.8m (July 2022: £22.5m). The movement of £4.7m, year-on-year, represents expense amortisation for the period between these two dates.

During the period, the Group charged £20.6m (July 2022: £20.5m) to the income statement in respect of fees and interest associated with the bonds, RCF, term loan and ship loans. In addition, finance costs recognised in the income statement include £0.9m (July 2022: £1.9m) relating to interest and finance charges on lease liabilities, £0.3m (July 2022: £nil) relating to net finance expense on pension schemes, £1.0m (July 2022: £nil) in respect of an arrangement fee associated with the forward starting loan facility agreement with Roger De Haan, as disclosed above, and net fair value losses on derivatives of £0.9m (July 2022: £nil). The Group has complied with the financial covenants of its borrowing facilities during the current and prior periods.

17 Share-based payments

The Group has granted a number of different equity-based awards which it has determined to be share-based payments. New awards granted or approved during the six months ended 31 July 2023 were as follows:

- On 26 May 2023, nil cost options over 376,557 shares were issued under the Deferred Bonus Plan to Executive Directors reflecting their deferred bonus in respect of 2022/23, which vest and become exercisable on the third anniversary of the grant date. Under the Deferred Bonus Plan, executives receive a maximum of two-thirds of the bonus award in cash and a minimum of one-third in the form of rights to shares of the Company.
- On 12 June 2023, nil cost options over 1,991,234 shares were issued under the Restricted Share Plan to certain Directors and other senior employees which vest and become exercisable on the third anniversary of the grant date, subject to continuing employment.

The fair values of all awards granted during the period under the equity-settled and cash-settled share-based remuneration schemes operated by the Group are assessed using techniques based upon the "Black-Scholes" pricing model. The Group charged £2.4m during the period (July 2022: £1.8m) to the income statement in respect of equity-settled share-based payment transactions.

On 1 August 2023, Saga plc issued 1,458,551 new ordinary shares of 15 pence each for transfer into an employee benefit trust to satisfy employee incentive arrangements. The newly issued shares rank pari passu with existing Saga shares.

18 Assets held for sale

At the end of the year ended 31 January 2021, the Group made the decision to initiate an active programme to locate buyers for a number of its freehold properties. At the point of reclassification to held for sale, the carrying values of £16.9m were considered to be equal to, or below, fair value less costs to sell and hence no revaluation at the point of reclassification was required.

During the year ended 31 January 2022, the Group disposed of a property reclassified from property, plant and equipment to held for sale in the period. Cash consideration received (net of transaction costs) was £10.2m and the carrying value of the property at the date of disposal was £3.0m. Profit arising on disposal was £7.2m.

In addition, during the year ended 31 January 2022, the Group declassified one of the properties from held for sale back to property, plant and equipment, since it was no longer being actively marketed for disposal. The carrying value of this property as at 31 January 2021 was £3.0m.

Management conducted impairment reviews of the freehold property assets held for sale as at 31 January 2022 and 31 January 2023. In relation to these freehold properties, value-in-use continued to be negligible and so the Group obtained updated market valuations to determine the fair value of each building. The outcome of these impairment reviews concluded that net impairment charges totalling £1.2m (January 2022: £1.0m) should be recognised against the Group's property assets held for sale as at 31 January 2023 and 31 January 2022 respectively.

At the end of the year ended 31 January 2023, the Group made the decision to initiate an active programme to locate buyers for a further two of its freehold properties and one of its long leasehold properties. The Group also reclassified to held for sale the related fixtures and fittings associated with one of these freehold properties. At the point of reclassification to held for sale, the carrying values of £15.9m for the properties and £3.6m for the related fixtures and fittings, total £19.5m, were considered to be equal to, or below, fair value less costs to sell and hence no revaluation at the point of reclassification was required. These properties are being actively marketed and the disposals are expected to be completed within 12 months of the end of the financial period.

As at 31 July 2023, the carrying values of the properties classified as held for sale, totalling £31.2m, are representative of either each property's fair value or historic cost less accumulated depreciation and any impairment charges to date, whichever is lower. No gains or losses were recognised with respect to the properties during the six months ended 31 July 2023.

19 Related party transactions

Related party transactions during the six months ended 31 July 2023 were consistent in nature, scope and quantum with those disclosed in the Group's Annual Report and Accounts for the year ended 31 January 2023 available at www.corporate.saga.co.uk.

20 Events after the reporting period

On 1 August 2023, Saga plc issued 1,458,551 new ordinary shares of 15 pence each for transfer into an employee benefit trust to satisfy employee incentive arrangements. The newly issued shares rank pari passu with existing Saga shares.

Since the end of the period, to provide additional financial flexibility, the Group has agreed an increase and extension to the existing loan facility with Roger De Haan. This increase is for the value of £35m, taking the total facility to £85m, and will now expire on 31 December 2025, previously 30 June 2025. Please refer to Note 16 for further details.

In addition, after the end of the period, the Group concluded discussions with its Cruise lenders to amend the covenants on the two ship debt facilities as follows:

- Reduction in the EBITDA to debt repayment ratio from 1.2x to 1.0x for the additional periods up to and including 31 January 2025.

Please refer to Note 16 for further details relating to the Group's cruise ship debt facilities.

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting' as issued by the IASB; and
- the interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of 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 and Accounts that could do so.

On behalf of the Board

E A Sutherland	J B Quin
Group Chief Executive Officer	Group Chief Financial Officer
26 September 2023	26 September 2023

Independent Review Report to Saga plc

Conclusion

We have been engaged by Saga plc (the **Company** or the **Group**) to review the condensed consolidated set of financial statements in the interim financial report for the six months ended 31 July 2023 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim financial report for the six months ended 31 July 2023 is not prepared, in all material respects, in accordance with International Accounting Standard (**IAS**) 34 'Interim Financial Reporting' as adopted for use in the United Kingdom (**UK**) and the Disclosure Guidance and Transparency Rules (**DTR**) of the UK's Financial Conduct Authority (**FCA**).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (ISRE (UK) 2410) issued for use in the UK. 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. We read the other information contained in the interim financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

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 relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the 'Basis for conclusion' section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Company to cease to continue as a going concern, and the above conclusion is not a guarantee that the Company will continue in operation.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

As disclosed in Note 2.1, the annual financial statements of the Company are prepared in accordance with UK-adopted international accounting standards.

The Directors are responsible for preparing the condensed consolidated set of financial statements included in the interim financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed consolidated set of 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.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated set of financial statements in the interim financial report based on our review. Our conclusion, including our conclusion relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the 'Basis for conclusion' section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusion we have reached.

Timothy Butchart
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

26 September 2023

Alternative Performance Measures Glossary

The Group uses a number of Alternative Performance Measures (**APMs**), which are not required or commonly reported under International Financial Reporting Standards (**IFRS**), the Generally Accepted Accounting Principles (**GAAP**) under which the Group prepares its financial statements, but which are used by the Group to help the user of the accounts better understand the financial performance and position of the business.

Definitions for the primary APMs used in this report are set out below. APMs are usually derived from financial statement line items and are calculated using consistent accounting policies to those applied in the financial statements, unless otherwise stated. APMs may not necessarily be defined in a consistent manner to similar APMs used by the Group's competitors. They should be considered as a supplement, rather than a substitute, for GAAP measures.

Underlying Profit Before Tax

Underlying Profit Before Tax represents the loss before tax excluding:

- unrealised fair value gains and losses on derivatives;
- the net loss on disposal of assets;
- impairment of the carrying value of assets, including goodwill;
- impact of changes in the discount rate on non-periodical payment order (**PPO**) liabilities[1] ;
- fair value losses on debt securities;
- foreign exchange movements on river cruise ship leases;
- the arrangement fee on the facility with Roger De Haan;
- movements in the insurance onerous contract provisions (net of reinsurance recoveries)[2];
- costs in relation to the acquisition of the Big Window;
- the IFRS 16 lease accounting adjustment on river cruise vessels; and
- restructuring costs.

It is reconciled to statutory loss before tax within the Group Chief Financial Officer's Review on page 11.

This measure is the Group's key performance indicator and is useful for presenting the Group's underlying trading performance, as it excludes non-cash technical accounting adjustments and one-off financial impacts that are not expected to recur.

Underlying Profit Before Tax (Under Previous IFRS)

Underlying Profit Before Tax (Under Previous IFRS) represents Underlying Profit Before Tax, as described above, but under the previous IFRS 4 'Insurance Contracts', as opposed to IFRS 17 'Insurance Contracts'.

The measure is consistent with the forecasts of external analysts which are collated into the company-compiled consensus and allows stakeholders to make meaningful comparisons to historic reporting.

Trading EBITDA/Adjusted Trading EBITDA

Trading EBITDA is defined as earnings before interest payable, tax, depreciation and amortisation, and excludes the IAS 19R pension charge, exceptional costs and impairments. Adjusted Trading EBITDA also excludes the impact of IFRS 16 leases and the Trading EBITDA relating to the two ocean cruise ships, Spirit of Discovery and Spirit of Adventure in line with the covenant on the Group's revolving credit facility (**RCF**). It is reconciled to Underlying Profit Before Tax within the Group Chief Financial Officer's Review on page 22. Underlying Profit Before Tax is reconciled to statutory loss before tax within the Group Chief Financial Officer's Review on page 11.

This measure is linked to the covenant on the Group's RCF, being the denominator in the Group's leverage ratio calculation.

Ocean Cruise Trading EBITDA (Excluding Overheads)

Ocean Cruise Trading EBITDA (Excluding Overheads) reflects the Trading EBITDA for the Ocean Cruise business, adjusted to exclude the corresponding overheads for those operations.

This measure is comparable with the £40m per annum per ship target that was set at the time the cruise ships were purchased and is reconciled to Ocean Cruise Trading EBITDA on page 22 of the Chief Financial Officer's Review.

Underlying Basic Earnings Per Share

Underlying Basic Earnings Per Share represents basic loss per share excluding the post-tax effect of:

- unrealised fair value gains and losses on derivatives;
- the net loss on disposal of assets;
- impairment of the carrying value of assets, including goodwill;
- impact of changes in the discount rate on non-PPO liabilities[1] ;
- fair value losses on debt securities;
- foreign exchange gains on river cruise ship leases;
- the arrangement fee on the facility with Roger De Haan;
- movements in the insurance onerous contract provisions (net of reinsurance recoveries)[2];
- costs in relation to the acquisition of the Big Window;
- the IFRS 16 lease accounting adjustment on river cruise vessels; and
- restructuring costs.

This measure is reconciled to the statutory basic loss per share in Note 6 to the accounts on page 55.

This measure is linked to the Group's key performance indicator Underlying Profit Before Tax and represents what management considers to be the underlying shareholder value generated in the period.

Available Cash

Available Cash represents cash held by subsidiaries within the Group that is not subject to regulatory restrictions, net of any overdrafts held by those subsidiaries. This measure is reconciled to the statutory measure of cash in Note 13 to the accounts on page 63.

Available Operating Cash Flow

Available Operating Cash Flow is net cash flow from operating activities after capital expenditure but before tax, interest paid, restructuring costs, proceeds from business and property disposals and other non-trading items, which is available to be used by the Group as it chooses and is not subject to regulatory restriction. It is reconciled to statutory net cash flow operating activities within the Group Chief Financial Officer's Review on page 22.

Net Debt

Net Debt is the sum of the carrying values of the Group's debt facilities less the amount of Available Cash it holds and is analysed further within the Group Chief Financial Officer's Review on page 25.

Adjusted Net Debt

Adjusted Net Debt is the sum of the carrying values of the Group's debt facilities less the amount of Available Cash it holds but excludes the ship debt and the Ocean Cruise business Available Cash. It is linked to the covenant on the Group's RCF, being the numerator in the Group's leverage ratio calculation, and is analysed further within the Group Chief Financial Officer's Review on page 25.

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[1] This adjustment reduces the risk of residual volatility from changes in market interest rates adversely affecting Underlying Profit Before Tax

[2] The IFRS 17 onerous contract requirements create a timing mismatch between when claims are incurred and when they are recognised in profit before tax. Underlying Profit Before Tax adjusts for this timing mismatch by reversing the impact of these requirements