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SAGA PLC
17 April 2024

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Saga plc
Preliminary results for the year ended 31 January 2024

Saga delivers underlying profit more than double that of the prior year and significantly reduces debt

Saga plc (**Saga** or the **Group**), the UK's specialist in products and services for people over 50, announces its preliminary results for the year ended 31 January 2024. These results are reported under International Reporting Standard (**IFRS**) 17 'Insurance Contracts' and any prior year comparisons have been restated accordingly.

Year ended	31 January 2024	31 January 2023 (restated[1])	Change
Underlying Revenue[2]	£732.7m	£648.9m	13%
Revenue	£741.1m	£663.7m	12%
Trading EBITDA[2]	£116.5m	£92.5m	26%
Underlying Profit Before Tax[2]	£38.2m	£15.5m	146%
Underlying Profit Before Tax (Under Previous IFRS)[2]	£45.3m	£21.5m	111%
Loss before tax	(£129.0m)	(£272.7m)	53%
Available Operating Cash Flow[2]	£143.8m	£54.9m	162%
Net Debt[2]	£637.2m	£711.7m	10%
Leverage ratio	5.4x	7.5x	2.1x

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

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

Mike Hazell, Saga's Group Chief Executive Officer, said:

"Saga has delivered a strong financial performance with underlying revenue growth of 13% and an underlying profit that was more than double that of the prior year. We have also continued to generate significant positive cash flows and reduced our net debt by £74.5m over the past 12 months. Off the back of this strong performance, we are now also taking action to position the business for long-term success. I am excited about the potential that partnerships present for Saga and, as a result, we are accelerating the work we are doing to explore such opportunities across both our Ocean Cruise and Insurance businesses.

"Ocean Cruise had an outstanding year and, as a result, we far exceeded our initial earnings targets, while River Cruise and Travel both returned to profit for the first time since the pandemic. Looking ahead, forward bookings are strong, with all three of these businesses significantly ahead of the same point in the prior year.

"While our Insurance business continued to be hindered by challenging conditions, with inflationary headwinds impacting policy volumes and margins, particularly for our three-year fixed-price policies, we are taking the necessary actions to reposition the business. We are investing in price to improve our competitive position and stabilise our policy volumes and early signs indicate that this is delivering the expected benefits.

"Alongside this, we continue to develop our 9.6m strong customer database and explore ways in which we can deepen our relationship with those customers. Saga Publishing is instrumental in this, broadening our reach through the delivery of purposeful and insightful content in the form of our digital weekly newsletters and our award-winning magazine. Saga Money is now also set up to serve a broader range of customers following the launch of four new products.

"I am confident in our strategic direction, which underpinned by the strength of our brand, allows us to continue to serve our unique customer base. Our decision to accelerate our partnership strategy will provide us with a capital-light route to growth, reducing debt and delivering long-term sustainable value for all our stakeholders."

Operational and financial highlights

- Underlying Revenue[3] increased 13%, reflecting growth across Cruise and Travel. This translated to growth in Trading EBITDA[3] of 26%, from £92.5m in the prior year to £116.5m in the current year.
- Underlying Profit Before Tax[3] was more than double that of the prior year:
  - Under IFRS 17, Underlying Profit Before Tax[3] was £38.2m, compared with £15.5m[4] in the year before.
  - Underlying Profit Before Tax (Under Previous IFRS)[3] was £45.3m, £23.8m higher than the £21.5m reported for the year ended 31 January 2023.
- The reported loss before tax of £129.0m reflects a £104.9m impairment of Insurance goodwill, restructuring costs of £40.3m and other smaller one-off below-the-line items.
- Net Debt[3] at 31 January 2024 was £637.2m, £74.5m or 10% lower than the £711.7m at 31 January 2023. At the same date, Available Cash[3] was £169.8m and both the £85.0m facility with Roger De Haan and the £50.0m Revolving Credit Facility (**RCF**) remained undrawn.

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

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

Divisional performance

Ocean Cruise - Exceeded initial targets, supported by strong customer demand

- Ocean Cruise reported an Underlying Profit Before Tax[5] of £35.5m, compared with an Underlying Loss Before Tax[5] of £0.7m in the previous year, a year-on-year improvement of £36.2m.

- Ocean Cruise Underlying Revenue[5] of £215.9m grew 28% when compared with 2022/23, supported by a load factor of 88% and per diem of £331, significantly ahead of the 75% and £318 in the prior year.
- As a result, the business has now exceeded our target of £40.0m Ocean Cruise Trading EBITDA (Excluding Overheads)[5] per ship, achieving £45.0m per ship.

River Cruise - Return to profit, supported by strong load factor and per diem

- River Cruise reported an Underlying Profit Before Tax[5] of £3.0m, which compares with an Underlying Loss Before Tax[5] of £5.1m in 2022/23, a year-on-year improvement of £8.1m.
- River Cruise revenue of £43.8m was 52% ahead of the year before, supported by a load factor of 85% and per diem of £285. This reflects a 43% increase in passengers to 16.6k.

Travel - Strong passenger and revenue growth

- Travel returned to profit for the first time since the pandemic, reporting an Underlying Profit Before Tax[5] of £1.5m, an improvement of £5.6m when compared with the £4.1m Underlying Loss Before Tax[5] last year.
- Revenue was 44% ahead of the prior year at £156.3m, supported by a 22% increase in passengers to 57.8k.

Insurance Broking - Positioning the business for a return to policy growth

- Insurance Broking reported an earned Underlying Profit Before Tax[5] of £39.8m, compared with £71.5m[6] in the previous year, a year-on-year decline of £31.7m driven by the challenging insurance environment and, in particular, the impact of net rate inflation.
- The number of total policies in force at 31 January 2024 was 1.5m, 9% behind the prior year.
- Policy sales across the 12-month period were also 9% behind, reflecting a 9% fall in motor and home policies, alongside 8% and 3% fewer sales of travel and private medical insurance policies respectively.
- In motor and home insurance, inflation impacted margins and customer retention:
  - While new business sales were broadly flat, customer retention was 81% compared with 84% in the prior year, driven by an increase in the number of customers shopping around.
  - This impacted the direct share of new business, now 43% compared with 49% in the prior year.
  - The margin per policy was £55 compared with £69[6] in the prior year, reflecting continued inflationary pressure, particularly within our three-year fixed-price policies.
- The impact of this, alongside the short-term effect of the actions taken that will make the business more competitive, resulted in a further Insurance goodwill impairment of £36.8m, in addition to the £68.1m recognised in the first half. At 31 January 2024, £344.7m of Insurance goodwill remained on the statement of financial position.

Insurance Underwriting - Price increases start to benefit the combined operating ratio

- Our Insurance Underwriting business reported an Underlying Loss Before Tax[5] of £1.4m, a fall of £12.1m when compared with the Underlying Profit Before Tax[5] of £10.7m[6] in the prior year.
- While still elevated due to the sustained level of claims inflation, the current year net combined operating ratio (**COR**) reduced to 117.1% from 120.5%[6] in the prior year.

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

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

Wider strategic progress

- Saga Money reported an Underlying Profit Before Tax[7] of £1.1m compared with £2.3m in the prior year, reflecting the short-term impact of high interest rates on customer demand for equity release products. Irrespective of this, good progress was made in positioning this revitalised business area for medium-term growth through the launch of a range of new products designed to support people over 50 in managing their finances.
- Our customer database continues to be one of our core assets, containing data on 9.6m, and contact details for over 7.2m people over 50 in the UK. As a result of our global digital consent programme, we have increased the size of our marketable email base by more than 9% in the past 12 months.
- Alongside our progress in data, our Publishing business, with our award-winning magazine and weekly digital newsletters, continues to be instrumental in deepening the connection we have with our customers. The magazine has more than 120k print subscribers each month and our digital newsletters, when combined, are reaching 1.2m readers weekly.
- As indicated previously, we delivered a series of efficiencies through the move towards a leaner central operating model, reducing our central operating expenses by £12.0m within the 2023/24 year. The full £15.0m annualised benefit of these savings will be reflected in the 2024/25 result.

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

Financial position

Reducing our level of debt continues to be a key priority and, following a series of actions taken to increase the Group's financial flexibility, we have sufficient liquidity to meet the £150.0m bond repayment in May 2024 through a combination of Available Cash[8] and utilisation of the £85.0m facility with Roger De Haan.

To provide additional financial flexibility following repayment of the bond, the Group has agreed a series of measures, including an increase to the leverage covenant attached to the RCF to 6.25x until the facility matures, and a further extension to the £85.0m facility with Roger De Haan from 31 December 2025 to 30 April 2026.

While repayment of the bond will reduce our cash at hand, we will continue to have sufficient liquidity, together with the currently undrawn £50.0m RCF, to support our business development and plans.

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

Strategy and outlook

The strong customer demand we have generated across Cruise and Travel is expected to continue and, with an encouraging pipeline of bookings, these businesses are well set to continue to grow in 2024/25.

Bookings for Ocean Cruise remain exceptionally strong and we have already secured a load factor for 2024/25 of 78%[9] and a per diem of £367[9]. This is 4ppts and 9% ahead of the already strong 74%[9] and £338[9] at the same time last year.

River Cruise bookings for 2024/25 are also positive and significantly ahead of the same point last year, with a load factor of 72%[9] and per diem of £339[9] compared with 66%[9] and £299[9].

In Travel, building on the significant growth in 2023/24, booked revenue for 2024/25 is £140.7m[9] from 45.3k[9] passengers, 12% and 4% ahead of the prior year respectively.

In Insurance, conditions continue to be challenging and we are repositioning the business accordingly, with a focus on stabilising and recovering volume. We are taking a series of actions, including investment in price to improve our competitive position and address the recent decline in policy sales, particularly within motor and home insurance. As we make this change, we expect some short-term impact to earnings, arising from this price investment, together with the acquisition costs associated with a higher number of new business policies.

As a result, we expect written Underlying Profit Before Tax[10] for Insurance Broking to be materially lower in 2024/25 than in 2023/24. We are already beginning to see signs of stabilisation as a result of our revised approach.

Having applied significant price increases throughout the past 18 months, the Insurance Underwriting business is now on a much stronger footing. As these price increases continue to flow through, we expect to report an Underlying Profit Before Tax[10] for 2024/25 in the low single digits, with an improving current year COR.

The maturity profile of Saga Money's new products, and the high interest rate environment anticipated for this year, mean that we expect a similar contribution from this business in 2024/25 to that in 2023/24 before it delivers a more meaningful proportion of Group earnings over time.

The net result of these is that we expect the Group to generate an Underlying Profit Before Tax[10] that is broadly consistent with that of 2023/24, reflecting growth across Cruise and Travel, offset by a transitional year in Insurance, before a planned return to growth thereafter.

Our priorities remain unchanged; to reduce leverage and increase our strategic flexibility. Consistent with our move towards a capital-light model, we are accelerating our partnership strategy, exploring opportunities in Ocean Cruise and Insurance that would support our growth ambitions, crystallise value and enhance long-term returns for our shareholders. In Ocean Cruise, with the current business nearing optimum capacity, we are evaluating routes to accelerate growth as customer demand continues to build strongly. In Insurance, we are focused on scaling the business and increasing its efficiency and effectiveness. We believe that such partnerships could deliver growth, increase flexibility and reduce debt.

The Board remains confident in the strength of the Saga brand, its colleagues and its unique products and services, and will continue to focus on driving long-term sustainable growth for all our stakeholders.

[9] Current year bookings reflect the position at 14 April 2024, while the prior year refers to the position at 16 April 2023

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

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/65f87ab3b095440c00c6695c/fdqaa and 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 18 April 2024 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 16 April 2024, 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.

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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

Chairman's Statement

I am pleased to report that for the year ended 31 January 2024 Saga delivered a strong financial result. Cash flows and underlying profit were significantly higher than in the prior year, driven by growth within our Cruise and Travel businesses, alongside actions taken to lower the cost of our central functions. We were also able to reduce our level of debt by £74.5m.

Our Ocean Cruise business had an outstanding year, with exceptional levels of customer satisfaction and occupancy, allowing us to take more customers on holiday and exceed our financial targets. Bookings for the year ahead are even stronger than at the corresponding point last year.

Our River Cruise and Travel businesses also performed well and the growth in passenger numbers helped both businesses return to profit for the 2023/24 financial year.

Our Insurance operations continued to be challenged by inflation, that has impacted both margins, particularly for our older three-year fixed-price policies, and policy volumes. Looking forward, we are repositioning this business by investing in price and implementing efficiencies to improve our competitive position to stabilise our policy volumes and build a platform for growth.

Our Underwriting business has applied price increases in the last 18 months that have strengthened its position and we are expecting this to lead that business back to profitability.

We made the decision to reduce our central operating expenses and exit some of our smaller, loss-making activities. We are committed to, and continue to invest in, providing our customers with engaging purpose-led content through the Saga Magazine and our increasingly popular newsletters. In addition, Saga Money, which in the past has reported relatively small returns, is positioned for growth, with the aim of becoming a far more meaningful proportion of the Group's earnings over time.

Our current Ocean Cruise operations will, in time, become restrained through a lack of capacity. We are exploring options to continue to grow this business with the support of a partner. We are also in the early stages of considering potential partnership opportunities that could support growth in our Insurance operations.

Throughout the past year, there have been a number of changes to the Board. Euan Sutherland, our former Group Chief Executive Officer (**CEO**), and James Quin, our former Chief Financial Officer (**CFO**), resigned. Eva Eisenschimmel, an independent Non-Executive Director (**NED**) and Chair of the Remuneration Committee, made the decision to step down. I'd like to thank them all for their contribution to Saga during their time here. Julie Hopes, an existing NED and Chair of the Risk Committee now chairs the Remuneration Committee. Mike Hazell, who was appointed as Group CEO, and Mark Watkins, Group CFO, bring a wealth of experience to their new roles and I am very pleased to see the progress they are making in leading Saga through its current phase of development.

At Saga, we are at our best when we provide exceptional service to our customers, alongside innovative, meaningful and good value products that are tailored to suit their needs. We will continue to leverage our insight and data capabilities, and the considerable collective buying power of the millions we have on our customer database. With the excellent team we have, and our developing strategy, I believe there is an exciting future for Saga as we continue to reduce our debt, explore strategic partnerships, new opportunities and grow our core businesses.

Sir Roger De Haan
Non-Executive Chairman
16 April 2024

Group Chief Executive Officer's Strategic Review

Significant opportunity

When I joined Saga back in October 2023, I had clear views about the strength of the business and the brand, based on what was already evident to me. Fast-forward to today, and with the benefit of the visibility I now have, those opinions have only strengthened. It is clear that there is a significant opportunity to drive long-term sustainable growth for all our stakeholders through maximising our core businesses, reducing debt as we move towards capital-light business models, growing the number of customers we serve and deepening the connection we have with them. I believe these objectives can be amplified by the work we are doing to explore partnerships.

Strong demand in Cruise and Travel but Insurance remains challenging

During 2023/24, we generated strong customer demand in our Cruise and Travel businesses; however, conditions in Insurance remained challenging. Saga Money launched four new products, allowing us to serve more customers, and we continued to enhance our data and marketing capabilities. Alongside this, we maintained a disciplined approach to our cost base, identifying efficiencies and moving towards a leaner central model.

Growth in underlying revenue and profit

I am delighted to report that, for the year ended 31 January 2024, Saga delivered a strong financial result. Underlying Revenue[1] was £732.7m, representing 13% growth when compared with the prior year and, on a statutory basis, revenue was £741.1m, 12% higher. Following the adoption of International Financial Reporting Standard (**IFRS**) 17, we report an Underlying Profit Before Tax[1] of £38.2m, more than double the £15.5m[2] in the prior year. This was also the case for Underlying Profit Before Tax (Under Previous IFRS)[1], which was £45.3m compared with £21.5m in the prior year. This result reflects a return to profit for Cruise and Travel, but continued challenges in Insurance.

After reflecting a £104.9m impairment of Insurance goodwill and £40.3m of restructuring costs, alongside other smaller one-off below-the-line items, we report a loss before tax of £129.0m, which compares with a loss of £272.7m[2] in the prior year.

Debt reduction continues to be a key strategic priority for the Group and we have continued to make progress in this area. Net Debt[1] at 31 January 2024 was £637.2m, £74.5m lower than the £711.7m at the same point last year. The Group also continued to hold sufficient liquidity with Available Cash[1] of £169.8m, alongside the £85.0m loan facility with Roger De Haan and the £50.0m Revolving Credit Facility (**RCF**), both of which remained undrawn at the year end.

[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'

Our strategy

Our ambition is to become the largest and most-trusted brand for older people in the UK. We will achieve this through the delivery of our growth plan, which has evolved, in line with our ambition, as we continually develop the business to support the changing needs of our customers. This plan is focused on the following three priorities:

1. Maximising our core businesses
2. Reducing debt through capital-light growth
3. Growing our customer base and deepening our customer relationships

An update on our progress during the past year in each of these areas is set out below.

1. Maximising our core businesses

We plan to drive our core businesses of Cruise, Travel, Insurance and Money, through business-led growth strategies, supported by our extensive data and Publishing marketing platform.

Cruise

For the year ended 31 January 2024, our Ocean Cruise business delivered an Underlying Profit Before Tax[3] of £35.5m, a £36.2m improvement when compared with the Underlying Loss Before Tax[3] of £0.7m in the prior year.

We continued to generate strong customer demand, which supported a load factor (being the proportion of our total capacity that was filled) of 88% and a per diem (being the average price charged per customer per day) of £331. This was 13ppts and 4% higher than the 75% and £318 respectively in the prior year. These factors, when combined, meant that we exceeded our target of £40.0m Ocean Cruise Trading EBITDA (Excluding Overheads)[3] per ship, delivering £45.0m per ship.

In Ocean Cruise, we work hard to set ourselves apart from others in the market and we are continually exploring new ways to enhance the inclusivity of our offering and increase our differentiation. For departures in 2024/25 and beyond, we made the

enhance the inclusivity of our offering and increase our differentiation. For departures in 2024/25 and beyond, we made the decision to increase the reach of our VIP chauffeur service, allowing more customers from further afield to experience what we have to offer.

Bookings for 2024/25 are significantly ahead of the prior year, with a load factor of 78% and per diem of £367 at 14 April 2024. This is 4ppts and 9% ahead of the 74% and £338 at the same point in the prior year, which in itself was a year of significant growth.

Given this strong momentum in demand for our boutique cruise offering, the business is approaching optimum capacity with our current two ocean cruise ships. We are exploring opportunities to further optimise the business, including potential partnership arrangements that, consistent with our move to a capital-light business model, would support further growth, crystallise value, reduce debt and enhance long-term returns for shareholders.

In line with previous guidance, our River Cruise business returned to profit, reporting an Underlying Profit Before Tax[3] of £3.0m for the year, an improvement of £8.1m when compared with the Underlying Loss Before Tax[3] of £5.1m in the prior year. We achieved a 43% increase in the number of customers sailing with us and a load factor and per diem of 85% and £285 respectively.

River Cruise continues to see strong growth and bookings for 2024/25 are ahead of the same point last year. At 14 April 2024, the booked load factor was 72%, with a per diem of £339. This compares with 66% and £299 at the same time in the prior year.

Unlike our current Ocean Cruise business, we are able to scale River Cruise in a capital-light way, allowing us to offer our luxury cruises to an increasing number of customers. We are, therefore, delighted to have welcomed Spirit of the Douro to our programme in March 2024, with our third purpose-built ship, Spirit of the Moselle, to follow in July 2025.

The financial performance of the Ocean and River Cruise businesses is driven by our ability to deliver exceptional experiences for our customers every day. Our key metric for monitoring customer satisfaction is transactional net promoter score (**tNPS**), which improved significantly during the year to 74, from 58 in the previous year, reflecting a considerable improvement in the rating for River Cruise following the steps taken to more closely align the customer experience to that of our Ocean Cruise experience.

Travel

For 2023/24, Travel generated revenue of £156.3m, 44% higher than the year before, and returned to profit for the first time since the pandemic. The business reported an Underlying Profit Before Tax[3] of £1.5m, an improvement of £5.6m when compared with the Underlying Loss Before Tax[3] of £4.1m in the prior year, reflecting strong passenger growth of 22%, having taken more than 57k customers on holiday.

Innovation continues to be a key differentiator for Saga and it is the continual development of our offering that has led to industry-wide recognition, most recently through 28 wins at the 2023 British Travel Awards.

Looking ahead to 2024/25, our pipeline of future bookings continues to grow. At 14 April 2024, booked revenue was £140.7m from 45.3k passengers, representing growth of 12% and 4% respectively when compared with the same point in the prior year.

Insurance

Reflecting the continued impact of the market-wide inflationary headwinds and declining policy volumes, Insurance Broking reported Underlying Profit Before Tax[3] of £39.8m on an earned basis, a decline of £31.7m when compared with £71.5m[4] in the prior year.

The inflationary environment, and the resulting impact on our pricing, led to the number of policies in force at the end of the year, across all products, declining by 9%, when compared with the prior year, to 1.5m. Similarly, total policy sales during the year were also 9% lower.

Revenue generated from the sale of travel insurance remained broadly flat when compared with the previous year, with increased margins per policy offsetting an 8% fall in the number of policies sold, driven by price increases applied in the second half of the year.

Private medical insurance revenue, however, increased 5% when compared with the prior year, despite policy sales falling by 3%. This reflects the benefit from a one-off contribution in relation to the new partnership secured with Bupa. Over time, this relationship is expected to open up exciting new opportunities for a digital health and wellbeing proposition that will not only enhance the offering for our existing customers but also be a key point of differentiation when attracting new customers.

In motor and home, inflation impacted both our volumes and margins. Our pricing approach, addressing increased net rates from our panel of underwriters, resulted in a 9% drop in policies in force and policy sales compared with the prior year, with customer retention of 81%, 3ppts lower. Our margin per policy was £55, compared with £69[4] in the year before, mostly driven by our three-year fixed-price policies that fix the price the customer pays for two further renewals.

The dynamics within Insurance remain challenging and, as a result, we need to ensure that we balance the business effectively between protecting and, in time, growing the number of policies sold and the delivery of sustainable profitability. We are investing in price to improve our market competitiveness and this will impact profitability in the short term, as will the acquisition costs arising from attracting a higher number of new business policies. While we expect this approach to drive greater long-term profitability, the anticipated impact of these changes, when compared with previous growth projections, has resulted in the goodwill allocated to the Insurance Broking business being impaired by a further £36.8m. This is in addition to the £68.1m impairment in the first half of the year. At 31 January 2024, £344.7m of goodwill remained on the statement of financial position.

Looking ahead, we are focused on scaling the business and the number of customers we are able to serve, creating the foundation for a sustainable insurance business model. As part of this, and consistent with our move towards capital-light models, we are exploring options for partnerships within our Insurance value chain. While still in the very early stages, we believe that such partnerships could benefit our customers and support us in delivering our Insurance growth ambitions.

Our Insurance Underwriting business reported an Underlying Loss Before Tax[3], after expected recoveries from reinsurance arrangements, of £1.4m, a decline of £12.1m when compared with an Underlying Profit Before Tax[3] of £10.7m[4] in the prior year.

Over the past 18 months, we have applied significant price increases, balancing the need to provide customers with fair-value products with the continued market-wide claims inflation. These are now, however, beginning to flow through to the result, with the current year net combined operating ratio reducing to 117.1% from 120.5%[4] in the prior year. We expect this to mean that the Insurance Underwriting business returns to profit in the coming year.

Money

Saga Money reported an Underlying Profit Before Tax[3] of £1.1m, compared with £2.3m in the prior year. This reflects the short-term impact of high interest rates on the market-wide customer demand for equity release products.

We made good progress during the year in positioning the business for medium-term growth. With support from a number of new partners, we launched: a range of fixed savings accounts; legal services including wills, probate and lasting powers of attorney; investments ISAs; and, more recently, mortgages. Our new range of mortgage products are all designed exclusively for people over 50, offering assistance with first-time purchases, remortgages, buy-to-let and equity release to fund intergenerational support.

The quality of, and customer satisfaction in relation to, these services is evident in our sector-leading tNPS, which increased to 72 from 64 in the prior year.

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

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

2. Reducing debt through capital-light growth

In 2023/24, we continued to make good progress in reducing our debt, with Net Debt[5] at 31 January 2024 being £637.2m, £74.5m lower than the £711.7m at the previous year end.

To further increase the Group's financial flexibility, we took a series of actions that included the delivery of £12.0m of central cost savings in the second half, following the move towards a leaner operating model, and exiting some of our smaller, loss-making activities, in order to prioritise growth within our core Cruise, Travel, Insurance and Money operations. We are also grateful for the ongoing support from our Chairman, Roger De Haan, with his facility being increased to £85.0m, alongside an extended maturity, now April 2026, to support the Group with its deleveraging plans. In addition, to maximise the Group's liquidity, we concluded discussions with our lending banks to increase the leverage covenant associated with our undrawn £50.0m RCF.

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

3. Growing our customer base and deepening our customer relationships

The third strand of our growth plan is focused on protecting and growing the number of customers we serve and increasing the frequency and quality of our interactions with them through data-driven insight. By doing so, we can develop our business around a better understanding of their unique needs and the trusted relationship we have with them.

Our customer database continues to be one of our core assets in achieving this goal, holding details of 9.6m people over the age of 50 in the UK. During the past year, we have actively sought to gather consent from more of this group to contact them about our full range of products and services. As a result of this, at 31 January 2024 we had consent to contact 7.2m of these individuals, a significant improvement from the 6.8m at the same time in the prior year.

We have also developed our website, which attracts more than 15m visitors per year, giving everybody the opportunity to sign up for email updates, providing interesting articles and offers on a range of our products.

The delivery of insightful and relevant content to our unique customer group is key to our success and we continue to do this through our popular and award-winning Saga Magazine, which reaches more than 120k readers monthly. Our digital newsletters, covering Travel, Money and the Magazine, when combined, are delivered to 1.2m people weekly.

We continually monitor the strength of the Saga brand and one of the metrics used is tNPS, which was 59 for the year, a two point reduction when compared with the prior year. This reflects increases across Cruise and Money, offset by a lower result in Insurance, due to market-wide increases to pricing, alongside some resultant contact centre pressure from increased call volumes.

Underpinning all three strands of our growth plan is the ambition to create an exceptional colleague experience. As diversity, equity and inclusion is a key part of this, we launched a colleague survey, beginning with those in senior leadership roles and above, to gather data on diversity representation across the organisation. Building on this, we have set targets to increase female representation in leadership positions from 42% to 50% and, representation on the Board from 22% to 40% by December 2027.

Positioning Saga for long-term sustainable growth

Before I conclude, it is important to recognise the contribution of our colleagues, not only for their work over the past year, but also for the way they have welcomed me to the Saga family. In addition, while I have not had a chance to meet you all, I would like to thank our customers, investors and partners for their continued support.

Overall, we have made good progress over the past 12 months, growing our Cruise and Travel businesses and positioning Money for future growth while continuing to navigate the challenging dynamics in Insurance.

Saga is a special brand with a unique purpose and I am excited about our future. Maximising our core businesses will mean we build this future on solid foundations. We can complement this objective with strategic partnerships that allow us to focus on our core strengths while leveraging the capabilities of partners to amplify those strengths. In doing so, we can grow our business and continue to reduce our debt, accelerated through capital-light business models where it makes sense. At the heart of this remains our customer. Saga was built on its understanding of the older people it serves, combined with its considerable marketing reach across that customer base. Our long-term sustainable growth will be built around these fundamentals.

Mike Hazell
Group Chief Executive Officer
16 April 2024

Group Chief Financial Officer's Review

I am delighted to be presenting my first Chief Financial Officer's report after being appointed to the role in November 2023. The Group has now adopted International Financial Reporting Standard (**IFRS**) 17 and reports an Underlying Profit Before Tax[1] of £38.2m, more than double the £15.5m[2] reported in the prior year. This performance is largely in line with expectations and reflects a strong recovery in Cruise and Travel, coupled with a continuation of the challenging conditions within Insurance. Underlying Profit Before Tax (Under Previous IFRS)[1] was £45.3m compared with £21.5m in the year before.

The positive trading conditions for Ocean Cruise, River Cruise and Travel have continued, being more reflective of a normal environment after residual pandemic disruption in the prior year, with all three businesses returning to profitability. Ocean Cruise reported an Underlying Profit Before Tax[1] of £35.5m (2023: Loss of £0.7m) and River Cruise reported an Underlying Profit Before Tax[1] of £3.0m (2023: Loss of £5.1m), reflective of strong customer demand driving higher load factors and per diems. Travel reported an Underlying Profit Before Tax[1] of £1.5m (2023: Loss of £4.1m), with the recovery driven by a 22% increase in passenger volumes.

Industry-wide challenges, however, continue to impact the Group's Insurance businesses. Insurance Broking reported an Underlying Profit Before Tax[1] of £39.8m (2023: £71.5m[2]). This reflected ongoing inflationary headwinds, primarily impacting motor insurance, and the impact on the Group's three-year fixed-price policies, where the increase in the cost of net rates cannot be passed on to customers. As a result, margins for motor and home fell to £55 per policy (2023: £69[2]) for the year. Against this backdrop, our pricing caused lower new business volumes and lower customer retention, resulting in a 9% decline in policies in force to 1.5m. Our Insurance Underwriting business is, however, starting to see the benefits of the pricing actions taken over the past 12 months, with the current year net combined operating ratio (**COR**) improving to 117.1% (2023: 120.5%[2]).

The dynamics seen in the Insurance business during 2023/24 demonstrate that a different approach is needed to balance policy volumes and sustainable profits over the long term. Going forward, the Insurance Broking business is taking pricing action to increase competitiveness, with the aim of stabilising policy volumes. This is expected to have an adverse impact on profitability in the near term.

The Group reported a loss before tax of £129.0m (2023: loss of £272.7m[2]), that reflects an impairment of Insurance Broking goodwill of £104.9m and other exceptional items of £62.3m. The impairment of goodwill was driven by a conservative view of cash flows from Insurance compared with our previous growth projections, reflecting the different approach being taken by this business in the future. The exceptional items primarily relate to restructuring costs from the changes made in the second half of 2023/24 to reduce central costs, together with the costs of exiting some of the smaller, early-stage, loss-making activities of Saga Exceptional, Insight and Spaces.

The Group remains highly cash-generative and, turning to the Group's statement of financial position, Net Debt[1] at 31 January 2024 was £637.2m, £74.5m lower than a year ago. This was driven by a £12.3m increase in Available Cash[1] to £169.8m (31 January 2023: £157.5m) and £62.2m of Cruise ship debt repayments. As a result, the total leverage ratio reduced to 5.4x (31 January 2023: 7.5x).

Available Operating Cash Flow[1] for 2023/24 increased to £143.8m (2023: £54.9m) driven by the recovery in Ocean Cruise operating cash flow, a one-off benefit from River Cruise and Travel moving to 70% coverage under the Civil Aviation Authority (**CAA**) escrow arrangement and reduced central costs. This was partially offset by a decline in Insurance Broking EBITDA.

Looking ahead, the strong customer demand in Cruise and Travel is continuing and the steps we are taking to reposition the Insurance business are showing encouraging early signs. While 2024/25 will be a transitional year as we lay the foundations for future growth, we expect Underlying Profit Before Tax[1] to be broadly consistent with that of 2023/24. Meanwhile, we are continuing to reduce our level of debt through organic cash generation, while exploring partnership opportunities in our Ocean Cruise and Insurance businesses as part of the move towards a more capital-light model.

[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'

Operating performance

Group income statement

£m	12m to Jan 2024	*Change*	(restated[3])
Underlying Revenue[4]	**732.7**	*12.9%*	**648.9**
Underlying Profit/(Loss) Before Tax[4]			
Cruise and Travel	40.0	*>500.0%*	(9.9)
Insurance Broking (earned)	39.8	*(44.3%)*	71.5
Insurance Underwriting	(1.4)	*(113.1%)*	10.7
Total Insurance	38.4	*(53.3%)*	82.2
Other Businesses and Central Costs	(17.0)	*51.3%*	(34.9)
Net finance costs[5]	(23.2)	*(5.9%)*	(21.9)
Underlying Profit Before Tax[4]	**38.2**	***146.5%***	**15.5**
Impairment of Insurance goodwill	(104.9)		(269.0)
Other exceptional items	(62.3)		(19.2)
Loss before tax	**(129.0)**	***52.7%***	**(272.7)**
Tax credit/(expense)	16.0	*>500.0%*	(0.4)
Loss after tax	**(113.0)**	***58.6%***	**(273.1)**
Basic earnings/(loss) per share			
Underlying Earnings Per Share[4]	30.0p	*132.6%*	12.9p
Loss per share	(80.8p)	*58.7%*	(195.7p)

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 businesses comprise 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 include Saga Money, Saga Publishing and CustomerKNECT, a mailing and printing business.

Underlying Revenue[4]

Underlying Revenue[4] increased by 12.9% to £732.7m (2023: £648.9m[3]) due to increased trading in the Cruise and Travel businesses as customer confidence returned to pre-pandemic levels.

Underlying Profit Before Tax[4]

The Group generated a total Underlying Profit Before Tax[4] of £38.2m in the current year, compared with £15.5m[3] in the prior year. This is primarily due to a £49.9m improvement in Cruise and Travel, moving from a £9.9m Loss to a £40.0m Profit, of which £36.2m relates to the Ocean Cruise business. This was partially offset by a £31.7m reduction in Insurance Broking profitability due to difficult trading conditions within motor and a £12.1m reduction in Insurance Underwriting profitability due to lower positive changes to liabilities for prior year incurred claims.

Net finance costs[5] in the year were £23.2m (2023: £21.9m), which exclude finance costs that are included within the Cruise and Travel businesses of £18.2m (2023: £19.2m) and Insurance Underwriting business of £2.5m (2023: £1.9m[3]).

Loss before tax

The loss before tax for the year, of £129.0m, includes a £104.9m impairment to Insurance Broking goodwill and other exceptional items of £62.3m, consisting of:

- Restructuring costs of £40.3m, which have materially increased year on year as a result of the cost-reduction programme initiated in the second half, alongside the decisions to exit some of our smaller loss-making activities and rationalise our property portfolio;
- impairments to assets, other than goodwill, of £11.9m (net of amounts recoverable under quota share arrangements);
- onerous contract provisions of £12.1m on three-year fixed-price policies and on insurance contracts under IFRS 17;
- fair value profit on debt securities of £3.5m;

- a £1.0m positive change in discount rate on non-periodical payment order (**PPO**) insurance liabilities;
- discretionary customer ticket refunds, and related costs, within Ocean Cruise of £1.0m;
- costs associated with the unsecured loan facility with Roger De Haan of £0.4m;
- £0.3m costs on the acquisition and disposal of The Big Window Consulting Limited (the **Big Window**);
- fair value losses of £1.4m on derivatives; and
- foreign exchange gains on River Cruise ship leases of £0.6m.

The loss before tax in the prior year, of £272.7m[3], includes a £269.0m impairment to Insurance goodwill and other exceptional items of £19.2m, including:

- restructuring costs of £3.7m;
- impairments to assets, other than goodwill, of £1.1m (net of amounts recoverable under quota share arrangements);
- an onerous contract provision of £3.8m on insurance contracts under IFRS 17;
- fair value loss on debt securities of £15.0m;
- a £6.3m positive change in discount rate on non-PPO insurance liabilities;
- acquisition costs on the purchase of the Big Window of £0.7m;
- foreign exchange losses on River Cruise ship leases of £2.0m;
- a negative IFRS 16 'Leases' adjustment of £0.6m on River Cruise ships; and
- fair value gain on derivatives in the year of £1.4m.

Tax

The Group's tax credit for the year was £16.0m (2023: £0.4m expense), representing a tax effective rate of 66.4% (2023: negative 10.8%), excluding the Insurance goodwill impairment charge. In both the current and prior years, 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 year for the over-provision of prior year tax of £4.5m credit (2023: £0.8m expense). 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 year is 19.9% (2023: 11.1%).

Earnings/(loss) per share

The Group's Underlying Basic Earnings Per Share[4] was 30.0p (2023: 12.9p). The Group's reported basic loss per share was 80.8p (2023: loss of 195.7p[3]).

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

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

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

Effect of IFRS 17 on Underlying Profit Before Tax[6] and loss before tax

£m	12m to Jan 2024	*Change*	12m to Jan 2023
Underlying Profit Before Tax (Under Previous IFRS)[6]	45.3	*23.8*	21.5
New approach to reserve margin	(2.4)	*(0.1)*	(2.3)
Change in valuation of PPO reserves (other than due to margin)	(3.9)	*0.5*	(4.4)
Discounting of non-PPO reserves (other than change in discount rate)	(2.6)	*(1.8)*	(0.8)
Effect of expensing insurance acquisition costs when incurred	0.6	*(3.7)*	4.3
Other individually immaterial adjustments	1.2	*4.0*	(2.8)
Impact of IFRS 17 on Underlying Profit Before Tax[6]	(7.1)	*(1.1)*	(6.0)
Underlying Profit Before Tax[6]	**38.2**	***22.7***	**15.5**

For the year ended 31 January 2024, the transition to IFRS 17 resulted in an Underlying Profit Before Tax[6] reduction of £7.1m, compared with a £6.0m reduction in the prior year. The material movements between the IFRS 17 impact on Underlying Profit Before Tax[6] across the two years are detailed below:

- The new approach to reserve margin adjusts for differences in reserving between the previous standard, IFRS 4 'Insurance Contracts', and IFRS 17. Specifically, management margins included within the IFRS 4 results are reversed, while new provisions for events not in data (**ENIDs**) and the risk adjustment are included under IFRS 17. In the current year, the reversal of the change in management margins reduced IFRS 17 profit by £6.2m and this was partially offset by a reduction in ENIDs of £2.1m and a reduction in the risk adjustment of £1.7m, net of reinsurance, totalling £2.4m.
- £1.8m negative impact arising from the discounting of non-PPO reserves that under previous IFRS, were not subject to discounting. The negative impact in the current and prior 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.
- The impact of expensing insurance acquisition costs when incurred produced a benefit to Underlying Profit Before Tax[6] in both the current and prior years. This is due to decreasing acquisition costs linked to lower sales of policies underwritten by Acromas Insurance Company Limited (**AICL**). The £3.7m movement, when compared with the prior year, reflects a slowdown of that trend.
- £4.0m positive change in the impact of other individually immaterial adjustments, in part due to remeasurement of the three-year fixed-price obligation.

£m	12m to Jan 2024	*Change*	12m to Jan 2023
Loss before tax (under previous IFRS)	(130.7)	*123.5*	(254.2)
Impact of IFRS 17 on Underlying Profit Before Tax[6]	(7.1)	*(1.1)*	(6.0)
Impact of discount rate change on non-PPO reserves	1.0	*(5.4)*	6.4

Impact of discount rate change on non-PPO reserves	1.0	*(5.4)*	6.4
Fair value gains/(losses) on investments	3.4	*18.5*	(15.1)
Net expense from onerous contracts	(9.0)	*(5.2)*	(3.8)
Reversal of deferred acquisition cost impairment under IFRS 4	13.4	*13.4*	-
Impact of IFRS 17 on loss before tax	1.7	*20.2*	(18.5)
Loss before tax	**(129.0)**	***143.7***	**(272.7)**

In the year ended 31 January 2024, the adoption of IFRS 17 decreased the loss before tax by £1.7m (2023: £18.5m increase). The most material movements are as follows:

- £7.1m negative impact arising from the movements in Underlying Profit Before Tax[6] described above.
- £1.0m positive impact from the increase in the period in the discount rate used to value non-PPO claim liabilities, with this discount rate being linked to market interest rates. This positive impact was £5.4m lower than the positive impact in the prior year, when there was a more significant increase in market interest rates.
- £3.4m positive impact from changing the classification of the debt securities that support the Group's insurance liabilities. Under the new classification, fair value gains or losses in each period are presented within profit or loss, whereas, under the previous classification, any such gains or losses were reported outside profit or loss, within other comprehensive income. The significant improvement, when compared with the prior year, arises from a tightening of credit spreads and interest rate movements.
- £9.0m 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.
- £13.4m in relation to the reversal of an impairment of deferred acquisition costs under IFRS 4 as these are expensed immediately under IFRS 17. No such impairment existed in the prior year.

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

Cruise and Travel

	12m to Jan 2024					12m to Jan 2023			
£m	**Ocean Cruise**	**River Cruise**	**Travel**	**Total Cruise and Travel**	***Change***	**Ocean Cruise**	**River Cruise**	**Travel**	**Total Cruise and Travel**
Underlying Revenue[7]	**215.9**	**43.8**	**156.3**	**416.0**	***36.2%***	**168.3**	**28.8**	**108.4**	**305.5**
Gross profit	**81.1**	**11.3**	**30.0**	**122.4**	***95.5%***	**40.2**	**1.5**	**20.9**	**62.6**
Marketing expenses	(12.3)	(4.4)	(9.6)	(26.3)	*(7.8%)*	(11.0)	(3.2)	(10.2)	(24.4)
Other operating expenses	(15.1)	(4.0)	(19.6)	(38.7)	*(33.9%)*	(10.7)	(3.4)	(14.8)	(28.9)
Investment return	-	0.1	0.7	0.8	*100.0%*	-	-	-	-
Finance costs	(18.2)	-	-	(18.2)	*5.2%*	(19.2)	-	-	(19.2)
Underlying Profit/(Loss) Before Tax[7]	**35.5**	**3.0**	**1.5**	**40.0**	***504.0%***	**(0.7)**	**(5.1)**	**(4.1)**	**(9.9)**
Average revenue per passenger (£)	4,683	2,639	2,704	3,452	*6.8%*	4,714	2,483	2,297	3,233
Ocean Cruise load factor	88%			88%	*13ppts*	75%			75%
Ocean Cruise per diem (£)	331			331	*4.1%*	318			318
River Cruise load factor		85%		85%	*n/a*		n/a		n/a
River Cruise per diem (£)		285		285	*n/a*		n/a		n/a
Passengers ('000)	46.1	16.6	57.8	120.5	*27.5%*	35.7	11.6	47.2	94.5

Ocean Cruise

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

In the current year, the business returned to fully operational conditions for the first time since the pandemic and achieved a load factor of 88% (2023: 75%) and a per diem of £331 (2023: £318). These two factors, when combined, equated to Underlying Revenue[7] growth of 28.3% and resulted in a return to profitability from an Underlying Loss Before Tax[7] of £0.7m in the prior year to an Underlying Profit Before Tax[7] of £35.5m in the current year.

In 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 that are largely managed on an annual basis.

In the current year, the business returned to more normal operating conditions. For 2023/24, we aligned management information for River Cruise to the Ocean Cruise business, so load factor and per diems became key performance indicators for River Cruise. The business achieved a load factor of 85% and a per diem of £285 for the year. This resulted in Underlying Revenue[7] growth of 52.1% and a return to profitability from an Underlying Loss Before Tax[7] of £5.1m in the prior year to an Underlying Profit Before Tax[7] of £3.0m in the current year.

In the prior year, 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, saw increased volumes when compared with the prior year, with passenger numbers increasing from 47.2k to 57.8k. The business also generated higher revenue per passenger in the year, increasing from £2,297 to £2,704.

This led to Underlying Revenue[7] growth of 44.2% and a return to profitability from an Underlying Loss Before Tax[7] of £4.1m in

the prior year to an Underlying Profit Before Tax[7] of £1.5m in the current 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. In the second half of the prior year, we saw customer cancellations returning closer to pre-pandemic levels.

Forward Cruise and Travel sales

The Ocean Cruise load factor for 2024/25 is ahead of the same point last year for 2023/24 by 4ppts. This is due to an improved load factor in the first quarter when compared with the prior year. The per diem for 2024/25 is 8.6% higher than the same point last year, reflecting the inflationary impact on operating costs in customer pricing.

The River Cruise load factor and per diem for 2024/25 are also ahead of the same point last year, by 6ppts and 13.4% respectively. This is due to increased customer demand for 2024/25, following the introduction of our third spirit-class ship, Spirit of the Douro.

Travel bookings for 2024/25 are ahead of the same point last year by 12.1% and 3.7% for revenue and passengers respectively. The increased revenue is due, in part, to higher passenger numbers, but also higher average selling prices as a result of enhanced revenue management processes. The increase in passenger numbers is due to increased uptake of short-haul travel within our Titan brand and hotel holidays within our Saga brand, as customer confidence returns.

	Current year departures		
	14 April 2024	***Change***	**16 April 2023**
Ocean Cruise revenue (£m)	200.8	*11.6%*	179.9
Ocean Cruise load factor	78%	*4ppts*	74%
Ocean Cruise per diem (£)	367	*8.6%*	338
River Cruise revenue (£m)	41.5	*17.2%*	35.4
River Cruise load factor	72%	*6ppts*	66%
River Cruise per diem (£)	339	*13.4%*	299
Travel revenue (£m)	140.7	*12.1%*	125.5
Travel passengers ('000)	45.3	*3.7%*	43.7

[7] 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 risk price, 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, 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.

	12m to Jan 2024					12m to Jan 2023 (restated[8])			
£m	**Motor broking**	**Home broking**	**Other broking**	**Total**	***Change***	**Motor broking**	**Home broking**	**Other broking**	**Total**
Gross Written Premiums[9] (**GWP**)									
Brokered	114.1	162.4	131.0	407.5	*7.5%*	105.0	150.1	123.9	379.0
Underwritten	195.5	-	3.0	198.5	*7.8%*	180.9	-	3.2	184.1
GWP	309.6	162.4	134.0	606.0	*7.6%*	285.9	150.1	127.1	563.1
Broker revenue	4.5	25.4	45.1	75.0	*(28.1%)*	35.7	26.5	42.1	104.3
Instalment revenue	3.4	3.3	-	6.7	*9.8%*	3.1	3.0	-	6.1
Add-on revenue	8.1	9.5	-	17.6	*(10.2%)*	9.2	10.4	-	19.6
Other revenue	27.1	17.3	(3.3)	41.1	*(10.8%)*	25.2	17.7	3.2	46.1
Written Underlying Revenue[9]	**43.1**	**55.5**	**41.8**	**140.4**	***(20.3%)***	**73.2**	**57.6**	**45.3**	**176.1**
Written gross profit	**35.9**	**55.5**	**49.7**	**141.1**	***(19.0%)***	**66.7**	**57.6**	**49.8**	**174.1**
Marketing expenses	(9.6)	(6.2)	(5.6)	(21.4)	*15.1%*	(13.0)	(6.7)	(5.5)	(25.2)
Written Gross Profit After Marketing Expenses[9]	**26.3**	**49.3**	**44.1**	**119.7**	***(19.6%)***	**53.7**	**50.9**	**44.3**	**148.9**
Other operating expenses	(36.6)	(29.6)	(19.1)	(85.3)	*(3.5%)*	(36.8)	(28.4)	(17.2)	(82.4)
Written Underlying (Loss)/Profit Before Tax[9]	**(10.3)**	**19.7**	**25.0**	**34.4**	***(48.3%)***	**16.9**	**22.5**	**27.1**	**66.5**
Written to earned adjustment	5.4	-	-	5.4	*8.0%*	5.0	-	-	5.0
Earned Underlying (Loss)/Profit Before Tax[9]	**(4.9)**	**19.7**	**25.0**	**39.8**	***(44.3%)***	**21.9**	**22.5**	**27.1**	**71.5**
Policies in force	700k	605k	194k	1,499k	*(9.3%)*	800k	645k	207k	1,652k
Policies sold	750k	633k	192k	1,575k	*(8.7%)*	849k	670k	206k	1,725k
Third-party panel share[10]	33.6%				*0.9ppts*	32.7%			

Insurance Broking Underlying Profit Before Tax[9], 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 £34.4m, from £66.5m[8].

A key metric for the Insurance Broking business is Written Gross Profit After Marketing Expenses[9], but before deducting overheads. This reduced from £148.9m[8] in the prior year to £119.7m in the current year, due mainly to lower renewal volumes and margins on motor business. There were falls in Written Gross Profits After Marketing Expenses[9] in motor of £27.4m, in home of £1.6m and in other broking of £0.2m.

For motor and home insurance, in terms of the total Written Gross Profit After Marketing Expenses[9], the new business proportion increased by £3.4m, while there was a £32.4m reduction in the renewal proportion.

The reduction in profitability of the motor business is attributable to significant inflationary pressures on the net rates charged by 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 fix the customer price for two renewals. Lower new business volumes in the prior year have also led to a 13% reduction in the level of renewal volumes in the current year.

The three-year fixed-price product remains important, with 582k policies sold in the year, 42% of total motor and home policies, with 28% of direct new business customers taking the product despite cost of living pressures. This product remains 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. 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 After Marketing Expenses[9] divided by the number of policies sold, reducing to £54.7 in the current year, compared with £68.9[8] in the prior year.

In addition, customer retention decreased from 84% to 81%, overall motor and home policies in force decreased 9% when compared with 31 January 2023 and direct new business sales reduced by 6ppts to 43%, as the Group rebalanced volumes 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 the inflation risk inherent in these products. As at 31 January 2024, £10.6m (2023: £9.7m[8]) of income had been deferred in relation to three-year fixed-price policies, £8.9m (2023: £7.9m[8]) of which related to income written in the year to 31 January 2024.

Motor broking

Gross Written Premiums[9] increased by 8.3% due to a 22.6% increase in average premiums, partially offset by an 11.7% reduction in core policies sold. Gross Written Premiums[9], from business underwritten by AICL, increased 8.1% to £195.5m (2023: £180.9m), due to a 43.2% increase in average premiums, offset by a 24.5% decrease in core policies sold.

Written Gross Profit After Marketing Expenses[9] was £26.3m (2023: £53.7m[8]), contributing £35.1 per policy (2023: £63.3[8] per 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[9] increased by 8.2% due to a 14.6% increase in average premiums, partially offset by a 5.5% reduction in core policies sold.

Written Gross Profit After Marketing Expenses[9] was £49.3m (2023: £50.9m), equating to £77.9 per policy (2023: £76.0 per policy). The increase in renewal margins and a 10.0% increase in new business policies sold was more than offset by lower new business margins and an 8.1% reduction in renewal policies sold.

Other broking

Other broking primarily comprises private medical insurance (**PMI**) and travel insurance.

Gross Written Premiums[9] increased 5.4% as a result of higher average premiums on both PMI and travel insurance policies, with policy sales broadly stable at 33k (2023: 34k) for PMI and a slight reduction, to 146k (2023: 158k), for travel insurance.

As a result, Written Gross Profits After Marketing Expenses[9] relating to travel insurance products decreased by £0.6m.

While sales of PMI were stable, Written Gross Profit After Marketing Expenses[9] was £1.6m 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.

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

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

[10] Third-party underwriter's share of the motor panel for policies

Insurance Underwriting

		12m to Jan 2024				12m to Jan 2023 (restated[11])		
£m		**Gross**	**Re-insurance**	**Net**	***Gross change***	**Gross**	**Re-insurance**	**Net**
Insurance Underlying Revenue[12]	A	**169.8**	**(17.0)**	**152.8**	*7.1%*	**158.5**	**(14.8)**	**143.7**
Incurred claims (current year)	B	(170.9)	22.3	(148.6)	*3.0%*	(176.1)	32.4	(143.7)
Claims handling costs in relation to incurred claims	C	(15.6)	-	(15.6)	*(19.1%)*	(13.1)	-	(13.1)
Changes to liabilities for incurred claims (prior year)	D	(15.3)	33.9	18.6	*(154.3%)*	28.2	6.4	34.6
Other incurred insurance service expenses	E	(14.7)	-	(14.7)	*10.4%*	(16.4)	-	(16.4)
Insurance service result		**(46.7)**	**39.2**	**(7.5)**	***(147.1%)***	**(18.9)**	**24.0**	**5.1**
Net finance (expense)/income from (re)insurance (excludes impact of change in discount rate on non-PPO liabilities)		(5.6)	3.1	(2.5)	*(100.0%)*	(2.8)	0.9	(1.9)
Investment return (excludes fair value gains/losses on debt securities)		8.6	-	8.6	*14.7%*	7.5	-	7.5
Underlying (Loss)/Profit Before Tax[12]		**(43.7)**	**42.3**	**(1.4)**	***(207.7%)***	**(14.2)**	**24.9**	**10.7**
Reported loss ratio	(B+D)/A	109.7%		85.1%	*(16.4ppts)*	93.3%		75.9%
Expense ratio	(C+E)/A	17.8%		19.8%	*0.8ppts*	18.6%		20.5%
Reported COR	(B+C+D+E)/A	127.5%		104.9%	*(15.6ppts)*	111.9%		96.5%
Current year COR	(B+C+E)/A	118.5%		117.1%	*11.2ppts*	129.7%		120.5%
Number of earned policies		539k			*(18.6%)*	662k		
Policies in force - Saga motor		463k			*(13.5%)*	535k		

The Group's in-house underwriter, AICL, underwrites over 65% 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 that in the 12 months to 31 January 2024, 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 increased 7.1% to £169.8m (2023: £158.5m[11]), reflecting a 31.6% increase in average earned premiums. This was only partially offset by the 18.6% reduction in the number of earned policies underwritten by AICL, particularly those underwritten for Saga as opposed to other panels.

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 prior year were heavily impacted by these pressures, as well as from an increased frequency of large losses. These trends 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 starting to benefit revenue.

The above factors, when combined, result in a reduced current year gross COR of 118.5% (2023: 129.7%[11]); however, after allowing for reinsurance arrangements, this reduced further to 117.1% (2023: 120.5%[11]).

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.

Positive changes to liabilities for incurred claims reduced from £34.6m in the prior year to £18.6m in the current year. This was driven by a deterioration in gross liabilities for claims incurred in prior years in 2023/24, which in turn was driven by further claims inflation and an adverse development on one specific large claim. The net finance expense line includes the unwind of the discount of opening claims liabilities, which materially increased in the prior year due to the increase in the claims discount rate over the past 12 months. This also includes modest adjustments to the valuation of PPO liabilities, which were a net £1.0m positive in the current year, compared with nil in the prior year.

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

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

Other Businesses and Central Costs

	12m to Jan 2024				12m to Jan 2023 (restated[13])		
£m	**Other Businesses**	**Central Costs**	**Total**	***Change***	**Other Businesses**	**Central Costs**	**Total**
Underlying Revenue[14]							
Money	6.4	-	6.4	*(19.0%)*	7.9	-	7.9
Publishing and CustomerKNECT	12.3	-	12.3	*19.4%*	10.3	-	10.3
Insight	-	-	-	*(100.0%)*	0.6	-	0.6
Other	-	-	-	*(100.0%)*	-	1.0	1.0
Total Underlying Revenue[14]	**18.7**	**-**	**18.7**	***(5.6%)***	**18.8**	**1.0**	**19.8**
Gross profit	**7.2**	**5.0**	**12.2**	***(8.3%)***	**8.1**	**5.2**	**13.3**
Operating expenses	(6.3)	(28.3)	(34.6)	*29.7%*	(8.9)	(40.3)	(49.2)
Investment income	-	5.4	5.4	*440.0%*	-	1.0	1.0
Net finance costs	-	(23.2)	(23.2)	*(5.9%)*	-	(21.9)	(21.9)
Underlying Profit/(Loss) Before Tax[14]	**0.9**	**(41.1)**	**(40.2)**	***29.2%***	**(0.8)**	**(56.0)**	**(56.8)**

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

Underlying Profit Before Tax[14] for Other Businesses, when combined, increased by £1.7m, from a £0.8m Underlying Loss Before Tax[14] in the prior year to an Underlying Profit Before Tax[14] of £0.9m in the current year, largely due to the decision to exit some of our smaller, loss-making activities of Saga Exceptional and Saga Insight. Revenue in Saga Money decreased by £1.5m due to market-wide equity release challenges arising from the inflationary environment.

Central operating expenses decreased to £28.3m (2023: £40.3m[13]). Gross administration costs, before Group recharges, decreased by £10.5m in the year, as a result of a cost-reduction programme enacted in the second half of the year and lower property costs following closure of the Group's unused offices. Net costs decreased by a further £1.5m due to higher Group recharges to the business units.

Net finance costs in the year were £23.2m (2023: £21.9m), excluding finance costs included within the Cruise and Travel businesses of £18.2m (2023: £19.2m) and Insurance Underwriting business of £2.5m (2023: £1.9m).

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

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

Cash flow and liquidity

Available Operating Cash Flow[15]

£m	**12m to Jan 2024**	***Change***	**12m to Jan 2023 (restated[16])**
Insurance Broking Trading EBITDA[15]	47.2	*(39.6%)*	78.2
Other Businesses and Central Costs Trading EBITDA[15]	(12.2)	*58.6%*	(29.5)
Trading EBITDA[15,17] from unrestricted businesses	**35.0**	***(28.1%)***	**48.7**
Dividends paid by Insurance Underwriting business	14.0	*(44.0%)*	25.0
Working capital and non-cash items	9.4	*206.8%*	(8.8)
Capital expenditure funded with Available Cash[15]	(21.6)	*(36.7%)*	(15.8)
Available Operating Cash Flow[15] before cash repayment from/(injection into) Cruise and Travel operations	**36.8**	***(25.1%)***	**49.1**
Cash repayment from/(injection into) River Cruise and Travel businesses	14.9	*183.7%*	(17.8)

Ocean Cruise Available Operating Cash Flow[15]	92.1	*290.3%*	23.6
Available Operating Cash Flow[15]	**143.8**	***161.9%***	**54.9**
Restructuring costs	(28.8)	*(>500.0%)*	(1.4)
Interest and financing costs	(39.3)	*(3.4%)*	(38.0)
Business acquisitions	-	*100.0%*	(0.9)
Tax receipts	4.6	*91.7%*	2.4
Other (payments)/receipts	(5.8)	*(>500.0%)*	0.3
Change in cash flow from operations	74.5	*330.6%*	17.3
Change in Ocean Cruise ship debt	(62.2)	*(34.1%)*	(46.4)
Cash at 1 February	157.5	*(15.6%)*	186.6
Available Cash[15] at 31 January	**169.8**	***7.8%***	**157.5**

Available Operating Cash Flow[15] 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 Financial Conduct Authority (**FCA**) regulatory requirements), Other Businesses and Central Costs, and the Group's Ocean Cruise business. Restricted businesses include AICL, River Cruise and Travel.

As a result of 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[15] increased from an inflow of £54.9m in the prior year to £143.8m in the current year.

Excluding cash transfers to and from the Cruise and Travel businesses, the Group continued to be cash-generative in the year, with an Available Operating Cash Flow[15] of £36.8m compared with £49.1m in the prior year. Trading EBITDA[15,17] from unrestricted businesses reduced by £13.7m, mainly as a result of reduced motor margins in the Insurance Broking segment, partially offset by significant cost savings enacted in Other Businesses and Central Costs during the second half of the year. Changes in working capital were a £9.4m inflow in the current year, compared with an £8.8m[16] outflow in the prior year, mainly due to an increase in net premiums payable to our panel of underwriters following price increases in the year due to high claims inflation. This was only partially offset by price increases to customers, as a result of the reduction in motor margins and the inability to pass these price rises on to fixed-price product holders. Dividends from AICL reduced by £11.0m, as expected.

For River Cruise and Travel, the Group was repaid £14.9m in the year. This is an improvement of £32.7m when compared with the £17.8m provided to the businesses to cover trading cash flows in the prior year. The improvement is due to the businesses, in agreement with the CAA, moving from a fully ring-fenced trust arrangement, where the businesses could not access 100% of customer cash until they returned from their river cruise or holiday, to a ring-fenced escrow arrangement where only 70% of customer cash is restricted until they return. At 31 January 2024, the ring-fenced businesses held cash of £49.1m, of which £37.9m was held in escrow. The Group must hold a minimum of £8.1m of cash outside of escrow within the ring-fenced businesses, as agreed with the CAA.

The Ocean Cruise business reported an Available Operating Cash Flow[15] of £92.1m (2023: £23.6m), with an increase in advance customer receipts of £13.7m (2023: decrease of £4.1m) and net trading income of £82.2m (2023: £31.6m), partially offset by capital expenditure of £3.8m (2023: £3.9m). Net of interest costs of £15.2m (2023: £15.2m) and exceptional costs of £1.0m (2023: nil), the Ocean Cruise business reported a net cash inflow, before capital repayments on the ship debt, of £75.9m for 2023/24 compared with £8.4m in the prior year.

Other cash flow movements

Restructuring costs of £28.8m (2023: £1.4m) were significantly higher than in the prior year, largely arising from the cost-reduction programme initiated in the second half of the current year, alongside the decisions to exit some of our smaller, loss-making activities and rationalise our property portfolio.

Interest and financing costs increased in the current year due to higher floating interest costs on the ship debt deferral loans.

In the prior year, business acquisitions related to the purchase of the Big Window.

Tax receipts of £4.6m (2023: £2.4m) include the benefit of repayments in relation to tax overpaid in prior years.

The Group continued to make the agreed payments to the defined benefit pension fund as part of the deficit recovery plan of £5.8m (2023: £5.8m). These are included within other payments. In the prior year, other receipts also included £5.0m of restricted cash released to Available Cash[15] that the Group had previously agreed with the FCA to hold on a temporary basis and a further £1.1m in respect of the Threshold Condition 2.4 balance that the Insurance Broking business holds as restricted cash.

In the current year, the Group continued to make capital repayments against its ship debt facilities, with two payments totalling £30.6m (2023: £30.6m) on Spirit of Discovery's debt facility and two payments totalling £31.6m (2023: £15.8m) on Spirit of Adventure's debt facility.

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

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

[17] 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[18] reconciles to net cash flows from operating activities as follows:

£m	12m to Jan 2024	*Change*	12m to Jan 2023
Net cash flows from/(used in) operating activities (reported)	83.7	*702.2%*	(13.9)
Exclude cash impact of:			
Trading of restricted divisions	(13.0)	*(136.8%)*	35.3
Non-trading costs	34.6	*361.3%*	7.5
Interest paid	38.2	*1.6%*	37.6
Tax (received)/paid	(3.2)	*(455.6%)*	0.9
	56.6	*(30.4%)*	81.3
Cash released from restricted divisions	28.9	*301.4%*	7.2
Include capital expenditure funded from Available Cash[18]	(21.6)	*(36.7%)*	(15.8)
Include Ocean Cruise capital expenditure	(3.8)	*2.6%*	(3.9)
Available Operating Cash Flow[18]	**143.8**	***161.8%***	**54.9**

Underlying Revenue[18] reconciles to the statutory measure of revenue as follows:

Underlying Revenue[18] reconciles to the statutory measure of revenue as follows:

£m	12m to Jan 2024	*Change*	12m to Jan 2023 (restated[19])
Underlying Revenue[18]	732.7	*12.9%*	648.9
Ceded reinsurance premiums earned on business underwritten by the Group	17.0	*14.9%*	14.8
Onerous contract provision	(3.1)	*(100.0%)*	-
Ocean Cruise insurance compensation for refunds paid to customers	(5.0)	*(100.0%)*	
Ocean Cruise discretionary customer ticket refunds	(0.9)	*(100.0%)*	-
Insurance Underwriting profit commission	(0.9)	*(100.0%)*	-
Exit from smaller, loss-making activities	1.3	*100.0%*	-
Revenue	**741.1**	***11.7%***	**663.7**

Trading EBITDA[18] reconciles to Underlying Profit Before Tax[18] as follows:

£m	12m to Jan 2024	*Change*	12m to Jan 2023 (restated[19])
Insurance Broking Trading EBITDA[18]	47.2	*(39.6%)*	78.2
Insurance Underwriting Trading EBITDA[18]	1.2	*(90.7%)*	12.9
Ocean Cruise Trading EBITDA[18,20]	74.8	*91.8%*	39.0
River Cruise and Travel Trading EBITDA[18]	5.5	*167.9%*	(8.1)
Other Businesses and Central Costs Trading EBITDA[18]	(12.2)	*58.6%*	(29.5)
Trading EBITDA[18]	**116.5**	***25.9%***	**92.5**
Depreciation and amortisation	(34.4)	*(1.2%)*	(34.0)
Net finance costs (including Cruise, Travel and Insurance Underwriting)	(43.9)	*(2.1%)*	(43.0)
Underlying Profit Before Tax[18]	**38.2**	***146.5%***	**15.5**

Adjusted Trading EBITDA[18] is used in the Group's leverage calculation for the Revolving Credit Facility (**RCF**) covenant and is calculated as follows:

£m	12m to Jan 2024	*Change*	12m to Jan 2023 (restated[19])
Trading EBITDA[18]	116.5	*25.9%*	92.5
Impact of accounting standard changes since 31 January 2017	1.7	*(39.3%)*	2.8
Spirit of Discovery and Spirit of Adventure Trading EBITDA[18,20]	(74.8)	*(91.8%)*	(39.0)
Adjusted Trading EBITDA[18]	**43.4**	***(22.9%)***	**56.3**

Ocean Cruise Trading EBITDA[18,20] reconciles to Ocean Cruise Trading EBITDA (Excluding Overheads)[18] as follows:

£m	12m to Jan 2024	*Change*	12m to Jan 2023
Ocean Cruise Trading EBITDA[18,20]	74.8	*91.8%*	39.0
Ocean Cruise overheads	15.1	*(41.1%)*	10.7
Ocean Cruise Trading EBITDA (Excluding Overheads)[18]	**89.9**	***80.9%***	**49.7**

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

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

[20] Ocean Cruise Trading EBITDA includes Ocean Cruise overheads

Statement of financial position

Goodwill

During the first half of 2023, high claims cost inflation, particularly in motor, put pressure on the Insurance business. Combined with the impact of Saga's three-year fixed-price products and highly competitive market conditions, this led to lower margins per policy and lower overall Underlying Profit Before Tax[21] for the Insurance Broking business, compared with prior growth assumptions. The Group, 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 five-year financial forecasts incorporated the impact of the changes in the market environment, including the impact of continued pressure on margins. Further stress tests were considered, including the continuation of high claims cost inflation for an extended period and further downsides compared with revised base case assumptions. This resulted in management taking the decision to impair Insurance goodwill by £68.1m as at 31 July 2023.

The market challenges in Insurance persisted through the second half of the year and our latest five-year forecasts have, therefore, been focused on effectively balancing the protection and, ultimately, growth of policy sales with the longer-term sustainability of the business. This, however, is expected to result in reduced profitability in the short term, when compared with previous growth projections. Management therefore considered it necessary to perform a further impairment assessment of goodwill as at 31 January 2024. Forecast cash flows, consistent with the latest five-year plan and further stress tests, including the impact of a slower recovery from high claims inflation, have been modelled. As a result, management has taken the decision to impair Insurance goodwill by a further £36.8m, taking the total impairment charge for the year to £104.9m. Consistent with the approach taken in previous years, this impairment is not included within Underlying Profit Before Tax[21].

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

Carrying value of Ocean Cruise ships

At 31 January 2024, the carrying value of the Group's Ocean Cruise ships was £586.7m (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 January 2024.

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 £28.0m to £251.9m (31 January 2023: £279.9m), partly due to the payment of £14.0m of dividends from AICL in the year. At 31 January 2024, 100% of the financial assets held by the Group were invested with counterparties with a risk rating of BBB or above, compared with 97% in the prior year, reflecting the relatively stable credit risk rating of the Group's investment holdings.

	Credit risk rating					
At 31 January 2024	**AAA**	**AA**	**A**	**BBB**	**Unrated**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Investment portfolio:						
Debt securities	23.9	59.2	70.4	65.6	-	219.1
Money market funds	32.8	-	-	-	-	32.8
Total invested funds	56.7	59.2	70.4	65.6	-	251.9
Derivative assets	-	-	0.3	-	-	0.3
Total financial assets	**56.7**	**59.2**	**70.7**	**65.6**	**-**	**252.2**

	Credit risk rating					
At 31 January 2023	**AAA**	**AA**	**A**	**BBB**	**Unrated**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£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 January 2024 and 31 January 2023 is as follows:

	At 31 January 2024			At 31 January 2023 (restated[22])		
£m	**Gross**	**Reinsurance assets**	**Net**	**Gross**	**Reinsurance assets**	**Net**
Incurred claims - estimate of the present value of future cash flows	286.4	(141.3)	145.1	259.2	(87.6)	171.6
Incurred claims - risk adjustment	40.2	(33.7)	6.5	35.6	(27.4)	8.2
Remaining coverage - excluding loss component	56.6	3.1	59.7	44.3	5.5	49.8
Remaining coverage - loss component	16.1	(1.3)	14.8	8.4	(2.7)	5.7
Total	**399.3**	**(173.2)**	**226.1**	**347.5**	**(112.2)**	**235.3**

The Group's total insurance contract liabilities, net of reinsurance assets, decreased by £9.2m in the year to 31 January 2024 from the previous year end, primarily due to a £26.5m reduction in net incurred claims reserves. This was partially offset by a £19.0m increase in net remaining coverage claims reserves. This was driven by a deterioration in gross liabilities for claims incurred in prior years in 2023/24, which in turn, was driven by further claims inflation and an adverse development on one specific large claim.

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

Financing

At 31 January 2024, the Group's Net Debt[23] was £637.2m, £74.5m lower than at the beginning of the financial year. The Group's total leverage ratio was 5.4x as at 31 January 2024 (31 January 2023: 7.5x).

£m	**Maturity date[24]**	**31 January 2024**	**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	-	-
Loan facility with Roger De Haan	April 2026	-	-
Spirit of Discovery ship loan	June 2031	173.6	204.2
Spirit of Adventure ship loan	September 2032	233.4	265.0
Less Available Cash[23,25]		(169.8)	(157.5)
Net Debt[23]		**637.2**	**711.7**

Net Debt[23] is analysed as follows:

Adjusted Net Debt[23] is used in the Group's leverage calculation and reconciles to Net Debt[23] as follows:

£m	**31 January 2024**	**31 January 2023**

Net Debt[23]	637.2	711.7
Exclude ship loans	(407.0)	(469.2)
Exclude Ocean Cruise Available Cash[23]	2.7	1.4
Adjusted Net Debt[23]	**232.9**	**243.9**

Excluding the impact of debt and earnings relating to the Ocean Cruise ships, the Group's leverage ratio applicable to the RCF was 5.4x at 31 January 2024 (31 January 2023: 4.3x), within the increased 6.25x covenant.

In order to increase the Group's financial flexibility, we concluded discussions with our RCF lending banks, agreeing a series of amendments to the facility, including:

- an increase to the 31 January 2024 and all subsequent leverage covenants to 6.25x;
- quarterly covenant testing, irrespective of whether the loan is drawn;
- the introduction of a restriction whereby, post repayment of the 2024 bond, no utilisation of the facility is permitted if free liquidity is below £40.0m; and
- consent requirement for any early repayment of corporate debt or payment of shareholder dividends.

At 31 January 2024, the RCF remained undrawn.

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

During the year, the Group agreed an extension of the loan facility in place with Roger De Haan, increasing the amount that can be drawn from £50.0m to £85.0m. The facility, which came into effect on 1 January 2024, and was undrawn at 31 January 2024, is 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 expects 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 revision included 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 was also extended from 30 June 2025 to 31 December 2025.

Subsequent to the financial year end, a reduction to the notice period required for drawdown of the loan to 10 business days was agreed, in addition to a further extension to the termination date of the facility from 31 December 2025 to 30 April 2026.

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

[24] Maturity date represents the date that the principal must be repaid, other than the ocean cruise ship loans, which are repaid in instalments over the next eight years

[25] 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 19R basis, increased by £35.8m to a £47.9m liability as at 31 January 2024 (31 January 2023: £12.1m).

£m	31 January 2024	31 January 2023
Fair value of scheme assets	204.5	224.1
Present value of defined benefit obligation	(252.4)	(236.2)
Defined benefit pension scheme liability	**(47.9)**	**(12.1)**

The movements observed in the scheme's assets and obligations have been impacted by macroeconomic factors during the year where, at a global level, there have been continued inflation and cost of living pressures, as well as shifts in long-term market yields. The present value of defined benefit obligations increased by £16.2m, to £252.4m, and the fair value of scheme assets decreased by £19.6m, to £204.5m. The net liability position moved adversely due to asset returns being significantly lower than expected, as well as the impact of using updated data from the 2023 triennial actuarial valuation, which is in progress.

Over 2023, asset performance was impacted by a repositioning of the growth part of the scheme's portfolio following the gilts crisis in 2022. Substantive changes to the overall asset allocation and, in particular, growth assets were required to support the scheme's interest rate and inflation hedging during, and in the months following, the gilts crisis. The portfolio, therefore, became overweight to illiquid assets and underweight to liquid growth assets, which impacted performance. Changes to the asset allocation occurred over 2023 as capital was returned from the illiquid assets and repositioned into more liquid growth assets.

Meanwhile, the use of updated data from the 2023 draft triennial actuarial valuation had the dual impact of capturing experience up to 31 January 2023 not already quantified within previous disclosures, and also allowing for any difference in the roll-forward and assumption changes of the liability once allowing for the updated underlying liability profile and cash flows. The primary component of the adverse experience adjustment reflects a change in the shape of the yield curve assumption compared with the prior year, which in a period of unprecedented market volatility between 30 September 2022 and 31 January 2023 in the wake of the September 2022 mini-budget, has acted to increase the liabilities of the scheme.

These adverse movements have been partly offset by a reduction in the value placed on the liabilities as a result of: changes in market conditions; future life expectancies; the level of commutation assumed and the use of the latest commutation factors; and a £5.8m deficit funding contribution being paid by the Group in February 2023. This related to a recovery plan agreed under the latest approved triennial valuation of the scheme as at 31 January 2020.

Net assets

Since 31 January 2023, total assets have decreased by £66.5m and total liabilities have increased by £75.4m, resulting in an overall decrease in net assets of £141.9m.

The decrease in total assets is primarily due to:

- a decrease in goodwill of £104.9m, following impairments to Insurance Broking goodwill in the year;
- a decrease in financial assets of £30.2m, mainly relating to a reduction in the Insurance Underwriting investment portfolio, partly to fund £14.0m of dividends from AICL;
- an increase in reinsurance assets of £61.0m due to the receivable on the quota share contract with AICL's reinsurance increasing in the year; and
- an increase in cash and short-term deposits of £12.2m

- an increase in cash and short-term deposits of £12.2m.

The increase in total liabilities largely reflects:

- an increase of £33.3m in contract liabilities due to the improved forward booking position of the Cruise and Travel businesses;
- an increase in retirement benefit scheme liability of £35.8m;
- an increase in insurance contract liabilities of £51.8m;
- an increase in trade and other payables of £14.8m; and
- a decrease of £68.4m in financial liabilities, which is mainly due to a reduction of £58.4m 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	31 Jan 2024	*Change*	31 Jan 2023
Net assets (under previous IFRS)	228.9	*(140.6)*	369.5
Reversal of management margin under previous IFRS	17.8	*(6.1)*	23.9
ENIDs under IFRS 17	(5.9)	*2.1*	(8.0)
IFRS 17 risk adjustment	(6.6)	*1.7*	(8.3)
New approach to reserve margin	5.3	*(2.3)*	7.6
Revised PPO carer wage inflation assumption	(16.6)	*24.9*	(41.5)
Different discount rate for PPOs and related reinsurance assets	9.3	*(28.8)*	38.1
Change in valuation of PPO reserves (other than due to 'margin')	(7.3)	*(3.9)*	(3.4)
Discounting non-PPO liabilities and related reinsurance assets	10.4	*(1.7)*	12.1
Expense acquisition costs when incurred	-	*13.9*	(13.9)
Onerous contract provision (net of related reinsurance assets)	(14.8)	*(9.1)*	(5.7)
Other individually immaterial items	(0.8)	*1.3*	(2.1)
Deferred taxation	1.8	*0.5*	1.3
Impact of IFRS 17 on net assets	(5.4)	*(1.3)*	(4.1)
Net assets under IFRS 17	**223.5**	***(141.9)***	**365.4**

At 31 January 2024, net assets under IFRS 17 were £5.4m lower than under previous IFRS (31 January 2023: £4.1m). The material components of this negative year-on-year movement are included below:

- £9.1m increase in the net onerous contracts provision held in relation to motor insurance contracts. This was driven by a combination of an increase in contracts that were 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 provision due to prolonged claims inflation.
- £2.3m reduction in the positive impact of the new approach to reserve margin. This is due to a £6.1m reduction in the management margin held under previous IFRS being greater than the £3.8m reduction in IFRS 'margin' (ENIDs and risk adjustment).
- £3.9m 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.
- £1.7m negative movement in the impact of discounting non-PPO claim reserves at the IFRS 17 discount rate. This is due to a reduction in the Group's net non-PPO claim reserves, which in turn, is due to an increase in the proportion of gross non-PPO reserves that are ceded to reinsurers.

These are, however, partially offset by:

- £13.9m 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 is the result of an impairment to the deferred acquisition costs asset that would have been recognised in the year to 31 January 2024 under IFRS 4;
- £1.3m of other individually immaterial adjustments; and
- £0.5m 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 15 months from the date of signing these financial statements, a period selected to include consideration of the expiry date of the Group's currently undrawn £50.0m RCF in May 2025 and the first covenant test date falling due after that expiry for the Group's ship debt facilities.

This assessment is centred on a base case, overlaid with risk-adjusted financial projections, that incorporate scenario analysis, and stress tests on expected business performance.

The Group's base case modelling assumes continued strong performance in the Cruise business on the back of high load factors and per diems. Travel is also expected to achieve continued growth in profits. After a challenging 2023/24 for Insurance, which saw a year of high cost and claims inflation and reducing policy volumes in a competitive market, the plan for this area of the business focuses on stabilisation over the assessment period and preparation for future growth.

The Group's severe but plausible stressed scenario incorporates lower load factors for Ocean Cruise, lower levels of demand in River Cruise and slower growth in the Travel business. Downside risks modelled for the Insurance business reflect the possibility that the expected benefits from planned cost-saving initiatives may not be realised in full.

Following actions undertaken by management to reduce the administrative overhead and central cost base in the second half of 2023/24, both scenarios include an assumption that the resultant levels of savings are maintained throughout the assessment period.

Under all scenarios modelled, the Group expects to meet scheduled Ocean Cruise debt principal repayments as they fall due over the next 15 months, and to meet the financial covenants relating to its secured cruise debt.

In addition, in both the base and stressed scenario, and further incorporating a drawdown under the Group's £85.0m loan facility with Roger De Haan, repayable in April 2026, the Group expects to have sufficient resources to enable repayment of the

facility with Roger De Haan, repayable in April 2026, the Group expects to have sufficient resources to enable repayment of the £150.0m senior bonds on maturity in May 2024 from Available Cash[26] resources.

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 £50.0m RCF, as set out in Note 16, in both the base case and the stressed case scenario, enabling it to draw down on this currently undrawn facility, until maturity in May 2025, to meet short-term working capital requirements, should the need arise.

Following the repayment of the £150.0m senior bonds, the Group will operate with a lower level of Available Cash[26]. This may lower the Group's ability to withstand events that are beyond those contemplated in the severe but plausible stressed scenario. Notwithstanding this, the Group has sufficient resources in both the base and severe but plausible stressed scenarios to continue in operation for at least the next 15 months.

Noting that it is not possible to accurately predict all possible future risks to the Group's trading, based on this analysis and the scenarios modelled, the Directors have concluded that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 15 months from the date of approval of the financial statements. They have, therefore, deemed it appropriate to prepare the financial statements to 31 January 2024 on a going concern basis.

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

Viability

The Directors have considered the viability of the Group over the five years to January 2029 and the full Viability Statement will be published within the 2024 Annual Report and Accounts. Although the outlook for the Cruise and Travel businesses is healthy, the conditions in Insurance remain challenging. Against this backdrop, the Directors and Operating Board have taken steps to strengthen the Group's financial position to help it mitigate this period of transition.

The Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe but plausible scenarios and the effect of any mitigating actions. Under all scenarios modelled, the Directors have identified a need for additional mitigating action beyond the scope of normal trading to manage the solvency of the Group at key pressure points over the five-year period. These points include the maturity of the £85.0m loan facility with Roger De Haan in April 2026, and the maturity of the Group's £250.0m unsecured bond in July 2026. A range of options are currently being explored, including potential partnership arrangements, which would release capital and enable the Group to restructure its debt; new liquidity facilities; and an evaluation of corporate refinancing.

Based on an assessment of these planned actions, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next five years. The Directors, however, note that successful execution of the planned mitigating actions is not fully within their control and that uncertainty increases over time and, therefore, future outcomes cannot be guaranteed.

Dividends and financial priorities for 2024/25

Dividends

Given the Group's priority of reducing Net Debt[27], the Board of Directors does not recommend payment of a final dividend for the 2023/24 financial year, nor would this currently be permissible under financing arrangements and while the ship debt facility deferred amounts are outstanding.

Financial priorities for 2024/25

The Group's financial priorities for the current financial year are to reduce Net Debt[27] via capital-light growth, explore partnership opportunities that could support this objective, continue the growth trajectory of the River Cruise and Travel businesses, and balance the protection and, ultimately, growth of policy sales with the delivery of sustainable profitability within Insurance.

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

Mark Watkins
Group Chief Financial Officer
16 April 2024

Principal risks and uncertainties

The principal risks and uncertainties (**PRUs**) shown below are the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The table also includes the mitigating actions being taken to manage these risks. The trend denotes the anticipated future direction of each risk after mitigation, which is influenced by known key external or internal factors. Saga takes a 'bottom-up' and 'top-down' approach to developing and reviewing its PRUs, which occurs at least twice a year with oversight from the Operating Board and the plc Board. Each PRU has been aligned to the most relevant strategic priorities.

Key to strategy elements[1]

1. Maximising our core businesses
2. Reducing debt through capital-light growth
3. Growing our customer base and deepening our customer relationships

Risk	Risk trend[2]	Risk category	Link to strategy	Mitigation
Liquidity risk/debt refinancing The Group relies on a number of sources of funding and, as such, is exposed to the risks associated with repaying or refinancing this funding as it reaches maturity.	Stable	Liquidity	2	The Group increased, and extended, its currently undrawn unsecured facility with Roger De Haan and we expect to pay the £150.0m bond due in May 2024 through this, alongside Available Cash[3] resources. In addition, we amended the leverage ratio covenant on the Group's undrawn Revolving Credit Facility to 6.25x, from January 2024 until maturity, to maintain additional liquidity.
Cyber There is a risk that a cyber security breach occurs due to failures in keeping	Improving	Operational Reputational	1	Ongoing vulnerability management programme in place, including industry benchmarking and external penetration testing, to help maintain

pace with external threat actor capabilities and regulatory expectations, resulting in system lockdown, ransom demands and/or compromise of substantial data. This could result in customer/ colleague compensation and regulatory sanctions				security posture. Continued investment in cyber prevention, detection and intelligence technologies to help mitigate attacks. Awareness and testing programme in place to protect against social engineering attacks on colleagues. Strategy in place to further reduce our footprint of potential system targets.
Breach of Data Protection Act (DPA)/General Data Protection Regulation (GDPR) There is a risk that Saga fails to process and manage customer data in accordance with their expectations, UK GDPR and DPA 2018. This could result in potential customer harm, compensation cost and Information Commissioner's Office fine/regulatory censure.	Worsening	Operational Reputational	1 and 3	Refreshed Data Management Committee, which maintains oversight of the management of our most key data risks, ensuring alignment across all business units.
Third-party suppliers There is a risk of business interruption, financial loss and reputational damage arising from loss of key third parties.	Worsening	Operational	1 and 3	Our supplier risk management framework ensures an appropriate risk-based approach for selecting third-party partners and overseeing their performance and operational and financial resilience.
Regulatory action Risk of customer harm because of our actions/in-action or failure to implement regulatory change correctly, which could result in customer remediation, or regulatory scrutiny, and/or sanction.	Stable	Operational Reputational	1	Continued development of the risk framework to ensure it evolves in line with regulatory standards. Horizon-scanning reports produced to identify upcoming regulatory changes and necessary action.
Delivery and execution There is a risk that key business change initiatives fail to be delivered effectively, or at all, due to one or a combination of the following: resource capability or capacity; unexpected business as usual risk issues; new regulation; or material defects in the delivery.	Improving	Operational	1 and 2	Review and delivery of our revised operating model to ensure we are set up to achieve any operational changes planned.
Insurance pricing modelling error There is a risk that uncertainty in the Insurance Broking and Underwriting businesses leads to material pricing, reserving and/or underwriting issues that cause significant financial impact and/or customer harm.	Stable	Operational Insurance	1	Product and pricing governance is in place and we regularly monitor pricing information against expectation.
Organisational resilience A risk of failure in one or more key resources supporting critical services or operations, and inability to recover within defined parameters in the context of a complex, dynamic risk environment and ongoing change and transformation.	Stable	Operational	1, 2 and 3	Continued development of the organisational resilience strategy and plan. Response and recovery planning, and a resilience testing plan are in place, supported by an operational resilience self-assessment.
Environmental, Social and Governance (ESG)/climate change There is a risk that Saga does not maintain compliance with increasing ESG-related regulation, or fails to deliver on its stated ESG strategy in line with stakeholder expectations, causing reputational, customer and financial impacts.	Stable	Strategic Operational Reputational	1 and 3	ESG strategy and governance has been defined and implemented, with ESG embedded into the risk management framework.
Capability and capacity There is a risk that the capability and capacity of colleagues does not align to significant organisational change needed to deliver strategic objectives.	Improving	Strategic Operational	2	Focus on retention of key colleagues, alongside review and optimisation of our operating model, ensuring it supports the planned organisational changes.
Fraud and financial crime	Stable	Operational	1	Ongoing monitoring and management of claims

There is a risk that we experience increased risk of internal or external fraud and financial crime, driven by remote working and general macroeconomic conditions.				fraud, with regular colleague training and awareness in place. Financial crime risk frameworks in place and tailored to each business unit.
Pandemic Risk to the Cruise and Travel businesses and financial resilience of Saga in the event of new and/or significant pandemic.	Stable	Operational	1, 2 and 3	More in-depth analysis to be carried out to understand the businesses' resilience to a new pandemic based on the current diversification of the Group, with business response plans and any necessary actions identified carried out.
Culture There is a risk that Saga's culture does not transform in line with the purpose, values and strategy to deliver the financial results expected per the five-year plan.	Improving	Operational Reputational	1 and 3	Ongoing measurement and monitoring of culture using colleague surveys, ensuring we take on board, and act on, feedback to continually improve it.
Saga brand and relevance There is a risk that the Saga brand and products do not appeal sufficiently to our target market, such that competitors gain market share and customer volumes continue to decline.	Stable	Strategic Reputational	3	Ongoing monitoring of customer transactional net promoter score, and engagement with customers via the Experienced Voices panel to understand customer sentiment towards the brand.

[1] Since the year end, the strategic pillars have evolved as we continually develop the business to support the changing needs of our customers. The strategic pillars that applied during the 2023/24 financial year were set out in the 2023 Annual Report and Accounts. These were maximising our existing businesses; step-changing our ability to scale while reducing debt; and creating 'The Superbrand' for older people

[2] Risk trend is the current reporting period trend, not the trend relative to the last Annual Report and Accounts

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

Consolidated income statement
for the year ended 31 January 2024

	Note	2024 £m	2023 (restated[1]) £m
Revenue from Cruise and Travel services	3	410.0	305.5
Revenue from Insurance Broking services	3	128.7	147.8
Other revenue (non-Insurance Underwriting)	3	24.8	17.4
Non-insurance revenue	3	563.5	470.7
Insurance revenue	3	177.6	193.0
Total revenue	3	**741.1**	**663.7**
Decrease in credit loss allowance		-	1.3
Other cost of sales		(301.1)	(249.8)
Cost of sales (non-Insurance Underwriting)	3	**(301.1)**	**(248.5)**
Gross profit (non-Insurance Underwriting)		**262.4**	**222.2**
Insurance service expenses	15	(249.2)	(215.8)
Net income from reinsurance contracts	15	40.2	27.3
Insurance service result		**(31.4)**	**4.5**
Other income		5.0	-
Administrative and selling expenses		(214.2)	(181.5)
Increase in credit loss allowance		(1.1)	(0.9)
Impairment of non-financial assets		(118.6)	(271.2)
Net finance (expense)/income from insurance contracts	15	(3.5)	8.2
Net finance income/(expense) from reinsurance contracts	15	1.9	(3.7)
Net (loss)/profit on disposal of property, plant and equipment and software		(0.5)	0.1
Investment income/(loss)		15.4	(9.7)
Finance costs		(44.4)	(42.2)

Finance income		-	1.5
Loss before tax		**(129.0)**	**(272.7)**
Tax credit/(expense)	4	16.0	(0.4)
Loss for the year		**(113.0)**	**(273.1)**
Attributable to:			
Equity holders of the parent		(113.0)	(273.1)
Loss per share:			
Basic	6	(80.8p)	(195.7p)
Diluted	6	(80.8p)	(195.7p)

[1] For details of the restatement, please see Notes 2.4, 12a and 15

Consolidated statement of comprehensive income for the year ended 31 January 2024

	Note	**2024** £m	2023 (restated[2]) £m
Loss for the year		**(113.0)**	**(273.1)**
Other comprehensive income			
Other comprehensive income to be reclassified to income statement in subsequent years			
Net losses on hedging instruments during the year	12	(1.3)	(2.0)
Recycling of previous losses to income statement on matured hedges	12	1.0	0.3
Total net losses on cash flow hedges		(0.3)	(1.7)
Associated tax effect		0.6	(0.8)
Total other comprehensive income/(losses) with recycling to income statement		0.3	(2.5)
Other comprehensive income not to be reclassified to income statement in subsequent years			
Remeasurement losses on defined benefit plans		(41.1)	(19.1)
Associated tax effect		10.3	4.8
Total other comprehensive losses without recycling to income statement		(30.8)	(14.3)
Total other comprehensive losses		**(30.5)**	**(16.8)**
Total comprehensive losses for the year		**(143.5)**	**(289.9)**
Attributable to:			
Equity holders of the parent		(143.5)	(289.9)

[2] For details of the restatement, please see Notes 2.4, 12a and 15

Consolidated statement of financial position as at 31 January 2024

Assets	Note	2024 £m	2023 (restated[3]) £m	1 Feb 2022 (restated[3]) £m
Goodwill	8	344.7	449.6	718.6
Intangible assets	9	60.7	51.3	47.1
Retirement benefit scheme surplus	14	-	-	1.1
Property, plant and equipment	10	593.4	611.0	646.5
Right-of-use assets	11	24.6	30.7	36.0
Financial assets	12	252.2	282.4	332.1
Current tax assets		4.8	4.4	4.3
Deferred tax assets	4	49.4	20.8	15.0
Reinsurance contract assets	15	173.2	112.2	81.1
Inventories		8.1	7.0	6.3
Trade and other receivables		127.7	136.0	115.6
Trust and escrow accounts		37.9	36.2	23.4
Cash and short-term deposits	13	188.7	176.5	226.9
Assets held for sale	19	17.4	31.2	12.9
Total assets		**1,882.8**	**1,949.3**	**2,266.9**
Liabilities				
Retirement benefit scheme liability	14	47.9	12.1	-
Insurance contract liabilities	15	399.3	347.5	359.6
Reinsurance contract liabilities	15	-	-	1.1
Provisions		8.0	5.2	5.4
Financial liabilities	12	828.4	896.8	936.2
Deferred tax liabilities	4	14.6	9.3	7.8
Contract liabilities		159.8	126.5	118.1
Trade and other payables		201.3	186.5	187.3
Total liabilities		**1,659.3**	**1,583.9**	**1,615.5**
Equity				
Issued capital	17	21.3	21.1	21.1
Share premium		648.3	648.3	648.3
Own shares held reserve		(1.2)	-	-
Retained deficit		(452.5)	(309.7)	(24.7)
Share-based payment reserve		10.5	8.9	7.4
Hedging reserve		(2.9)	(3.2)	(0.7)
Total equity		**223.5**	**365.4**	**651.4**
Total equity and liabilities		**1,882.8**	**1,949.3**	**2,266.9**

[3] For details of the restatement, please see Notes 2.4, 12a and 15

Consolidated statement of changes in equity for the year ended 31 January 2024

	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
At 1 February 2023 (restated[4])	**21.1**	**648.3**	**-**	**(309.7)**	**8.9**	**-**	**(3.2)**	**365.4**
Loss for the year	-	-	-	(113.0)	-	-	-	(113.0)
Other comprehensive losses excluding recycling	-	-	-	(30.8)	-	-	(0.8)	(31.6)
Recycling of previous losses to income statement	-	-	-	-	-	-	1.1	1.1
Total comprehensive (losses)/income	-	-	-	(143.8)	-	-	0.3	(143.5)
Issue of share capital (Note 17)	0.2	-	-	-	-	-	-	0.2
Share-based payment charge	-	-	-	-	3.4	-	-	3.4

Own shares transferred	-	-	(1.2)	(0.8)	-	-	-	(2.0)
Transfer upon vesting of share options	-	-	-	1.8	(1.8)	-	-	-
At 31 January 2024	**21.3**	**648.3**	**(1.2)**	**(452.5)**	**10.5**	**-**	**(2.9)**	**223.5**

	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
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[4])	**21.1**	**648.3**	**-**	**(24.7)**	**7.4**	**-**	**(0.7)**	**651.4**
Loss for the year	-	-	-	(273.1)	-	-	-	(273.1)
Other comprehensive losses excluding recycling	-	-	-	(14.3)	-	-	(2.9)	(17.2)
Recycling of previous losses to income statement	-	-	-	-	-	-	0.4	0.4
Total comprehensive losses	-	-	-	(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[4])	**21.1**	**648.3**	**-**	**(309.7)**	**8.9**	**-**	**(3.2)**	**365.4**

[4] For details of the restatement, please see Notes 2.4, 12a and 15

Consolidated statement of cash flows
for the year ended 31 January 2024

	Note	**2024**	2023 (restated[5])
		£m	£m
Loss before tax		(129.0)	(272.7)
Depreciation, impairment and loss on disposal, of property, plant and equipment and right-of-use assets		35.1	32.9
Amortisation and impairment of intangible assets and goodwill, and profit or loss on disposal of software		117.2	278.6
Impairment of assets held for sale	19	10.4	1.2
Share-based payment transactions		3.4	3.9
Net finance expense/(income) from insurance contracts	15	3.5	(8.2)
Net finance (income)/expense from reinsurance contracts	15	(1.9)	3.7
Finance costs		44.4	42.2
Finance income		-	(1.5)
Interest (income)/expense from investments		(15.4)	9.7
Increase in trust and escrow accounts		(1.7)	(12.8)
Movements in other assets and liabilities		40.8	(57.8)
		106.8	19.2
Investment income interest received		11.9	5.4
Interest paid		(38.2)	(37.6)
Income tax received/(paid)		3.2	(0.9)
Net cash flows from/(used in) operating activities		**83.7**	**(13.9)**
Investing activities			
Proceeds from sale of property, plant and equipment, and right-of-use assets		-	0.2

	Note		
Purchase of, and payments for, the construction of property, plant and equipment and intangible assets		(26.7)	(20.8)
Disposal of financial assets		56.4	65.8
Purchase of financial assets		(11.7)	(40.2)
Disposal of subsidiary, net of cash in business disposed of	7	-	-
Acquisition of subsidiary, net of cash in business acquired	7	-	(0.9)
Net cash flows from investing activities		**18.0**	**4.1**
Financing activities			
Payment of principal portion of lease liabilities		(11.6)	(7.8)
Repayment of borrowings		(62.2)	(46.4)
Net cash flows used in financing activities		**(73.8)**	**(54.2)**
Net increase/(decrease) in cash and cash equivalents		**27.9**	**(64.0)**
Cash and cash equivalents at the start of the year		**191.7**	**255.7**
Cash and cash equivalents at the end of the year	13	**219.6**	**191.7**

[5] For details of the restatement, please see Notes 2.4, 12a and 15

Notes to the consolidated 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 8804263). The Company is registered in England and its registered office is located at 3 Pancras Square, London N1C 4AG.

The consolidated financial statements of Saga plc and the entities controlled by the Company (its subsidiaries, collectively **Saga Group** or the **Group**) for the year ended 31 January 2024 were approved for issue by the Board of Directors on 16 April 2024 and will be made available on the Company's website in due course.

2.1 Basis of preparation

The results in this preliminary announcement have been taken from the Group's 2024 Annual Report and Accounts. The consolidated financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards.

The basis of preparation, basis of consolidation and summary of material accounting policies applicable to the Group's consolidated financial statements will be published in the Notes to the consolidated financial statements in the 2024 Annual Report and Accounts.

The consolidated 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, details of which are included below. Based on those assumptions, the Directors have concluded that it remains appropriate to adopt the going concern basis in preparing the financial statements.

The preliminary announcement for the year ended 31 January 2024 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The consolidated financial statements for the full year ended 31 January 2024 and 31 January 2023 have been audited by KPMG LLP. Their report was unqualified and did not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

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 15 months from the date of signing these financial statements, a period selected to include consideration of the expiry date of the Group's currently undrawn £50.0m Revolving Credit Facility (**RCF**) in May 2025 and the first covenant test date falling due after that expiry for the Group's ship debt facilities.

This assessment is centred on a base case, overlaid with risk-adjusted financial projections, that incorporate scenario analysis, and stress tests on expected business performance.

The Group's base case modelling assumes continued strong performance in the Cruise business on the back of high load factors and per diems. Travel is also expected to achieve continued growth in profits. After a challenging 2023/24 for Insurance, which saw a year of high cost and claims inflation and reducing policy volumes in a competitive market, the plan for this area of the business focuses on stabilisation over the assessment period and preparation for future growth.

The Group's severe but plausible stressed scenario incorporates lower load factors for Ocean Cruise, lower levels of demand in River Cruise and slower growth in the Travel business. Downside risks modelled for the Insurance business reflect the possibility that the expected benefits from planned cost-saving initiatives may not be realised in full.

Following actions undertaken by management to reduce the administrative overhead and central cost base in the second half of 2023/24, both scenarios include an assumption that the resultant levels of savings are maintained throughout the assessment period.

Under all scenarios modelled, the Group expects to meet scheduled Ocean Cruise debt principal repayments as they fall due over the next 15 months, and to meet the financial covenants relating to its secured cruise debt.

In addition, in both the base and stressed scenario, and further incorporating a drawdown under the Group's £85.0m loan facility with Roger De Haan, repayable in April 2026, the Group expects to have sufficient resources to enable repayment of the £150.0m senior bonds on maturity in May 2024 from Available Cash[6] resources.

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 £50.0m RCF, as set out in Note 16, in both the base case and the stressed case scenario, enabling it to draw down on this currently undrawn facility, until maturity in May 2025, to meet short-term

scenario, enabling it to draw down on this currently undrawn facility, until maturity in May 2025, to meet short-term working capital requirements, should the need arise.

Following the repayment of the £150.0m senior bonds, the Group will operate with a lower level of Available Cash[6]. This may lower the Group's ability to withstand events that are beyond those contemplated in the severe but plausible stressed scenario. Notwithstanding this, the Group has sufficient resources in both the base and severe but plausible stressed scenarios to continue in operation for at least the next 15 months.

Noting that it is not possible to accurately predict all possible future risks to the Group's trading, based on this analysis and the scenarios modelled, the Directors have concluded that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 15 months from the date of approval of the financial statements. They have, therefore, deemed it appropriate to prepare the financial statements to 31 January 2024 on a going concern basis.

[6] For details of the restatement, please see Notes 2.4, 12a and 15

2.2 Summary of material accounting policies

There have been no significant changes to the accounting policies of the Group during the year ended 31 January 2024, except for changes required as a result of the transition to a new accounting standard for insurance and reinsurance contracts, IFRS 17 'Insurance Contracts'. Full details of the accounting policies of the Group will be published in the Annual Report and Accounts for the year ended 31 January 2024 available at www.corporate.saga.co.uk.

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 other comprehensive income (**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.

Details of the new accounting policies for insurance contracts underwritten by the Group and reinsurance contracts are disclosed below.

a) Revenue recognition - Insurance

The amounts received from customers for insurance policies comprise three main elements: the premium charged to the customer in respect of the insurance cover (**gross premium**); insurance premium tax (**IPT**); and an arrangement fee, where applicable (only applied to policies that are brokered via a panel). The gross premium itself comprises two elements: the premium charged by the underwriter of each policy (**net premium**), which may be provided by the Group's in-house underwriter or by a third-party underwriter, plus any adjustment to the net premium that is applied by the Group's broker during the broking service (**street pricing adjustment**).

The Group may also charge additional amounts, where the customer pays in instalments, for mid-term cancellations or for adjustments made to policies mid-term.

IPT is excluded from all revenue recognised by the Group.

i) For 12-month insurance policies with no option to fix the premium at renewal (**annual policies**)

For insurance policies underwritten by the Group:

- the gross insurance premium, and any amounts received as a result of the policyholder opting to pay in instalments, are recognised as insurance revenue on a straight-line, time-apportioned basis over the coverage period;
- any such amounts received in advance of coverage being provided to the policyholder are deferred within insurance contract liabilities in the statement of financial position;
- mid-term adjustments to premiums are recognised on a straight-line, time-apportioned basis over the remaining coverage period of the policy; and
- reductions in premiums arising from mid-term cancellations are recognised on the effective date of the cancellation.

The above treatment is in line with the requirements of IFRS 17.

For insurance policies not underwritten by the Group:

- the portion of the gross premium that is retained by the Group, otherwise referred to as the street pricing adjustment, is allocated to performance obligations and recognised as those performance obligations are satisfied. The most material amount is allocated to the performance obligation relating to the brokerage service, which is recognised on the inception date of the insurance contract; and
- the portion of the gross premium charged by the third-party underwriter, otherwise referred to as the net premium, is not recognised as revenue in the income statement.

The above treatment is in line with the requirements of IFRS 15 'Revenue from Contracts with Customers'.

For all insurance policies:

- the arrangement fee that is charged in respect of the broking service is recognised within revenue from Insurance Broking services on the date that each policy is arranged; and
- any fee income charged for a mid-term cancellation or adjustment is recognised on the date the adjustment is made, being the point that the mid-term service is fulfilled. Where these amounts arise from insurance contracts underwritten by the Group, they are presented within Insurance revenue, otherwise they are presented within revenue from Insurance Broking services.

i) For 12-month insurance policies with the option to fix the premium over three years (**three-year fixed-price policies**)

The policyholder's option to fix the premium at the first and second renewal points is accounted for under IFRS 15 as a promise to the customer.

Where the related insurance policy is not underwritten by the Group, this promise is accounted for as a separate performance obligation to the brokerage service.

Where the related insurance policy is underwritten by the Group, this promise is a distinct service that is accounted for separately from the host insurance contract as:

- the cash flows and risks of the price promise service are not highly interrelated with those of the insurance contract; and
- the Group does not provide a significant service in integrating the price promise with the insurance underwriting service.

Therefore, the accounting treatment of the Group's obligation to fix the premium does not depend on whether the related insurance policy is underwritten by the Group.

For all three-year fixed-price policies, the Group allocates a portion of the gross premiums received at inception and at the first renewal point to the price promise service. The amount allocated to this service is an estimate of its standalone selling price, being an actuarial estimate of the cost of transferring the obligation to a third-party plus an appropriate profit margin.

Amounts allocated to the price promise service are initially deferred within contract liabilities in the statement of financial position and subsequently recognised as revenue as the option to fix is exercised by the customer (and the Group's performance obligation is satisfied).

If a customer cancels a three-year fixed-price policy mid-term, or chooses not to renew in the second or third years, any remaining deferred revenue is recognised within revenue at the point the cover ends, being the point that the Group is released from the obligation to fix the price at renewal.

The Group previously entered into contracts to transfer part of the risk arising from the Group's promise to fix the customer's premium for three-year fixed-price policies. The Group continues to recognise amounts arising from those contracts. Those contracts are classified as insurance contracts held.

ii) Other sources of revenue relating to insurance policies

Profit commissions due to the Group, from acting as an insurance intermediary on behalf of third-party underwriters, are recognised and valued in accordance with the contractual terms to which they are subject, when it is highly probable that a significant reversal of revenue will not occur.

Where claims arise on insurance policies that are not the fault of the insured, the Group may earn revenue from:

- referrals to credit hire companies (in relation to policies underwritten by the Group or by third parties); and
- referrals to credit repair companies (in relation to policies underwritten by third parties only).

This revenue is recognised at the point of referral.

a) Cost recognition - Insurance

i) Costs of acquiring insurance contracts

Acquisition costs arising from the selling, or renewing, of insurance policies underwritten by the Group (**insurance acquisition cash flows**) are expensed when they are incurred within insurance service expenses in the income statement.

For insurance policies not underwritten by the Group, fees charged by price-comparison websites are recognised as a contract cost asset within trade and other receivables and amortised in line with the pattern of revenue recognition for the related insurance policies. This takes into account revenue expected to be generated from future renewals. Other incremental costs of obtaining insurance policies not underwritten by the Group, such as payment processing costs, would be incurred again if the insurance contract renews. Therefore, the pattern of revenue recognition relating to these incremental costs is one year. As permitted by IFRS 15, such costs are expensed when incurred.

ii) Claims costs

Claims costs incurred in respect of insurance policies underwritten by the Group are included within insurance service expenses in the income statement. These costs include estimates in respect of losses reported as having occurred during the period, an estimate for the cost of claims incurred during the period but not reported as at the reporting date, and any adjustments to claims outstanding from previous periods.

The portion of claims costs recoverable from reinsurance contracts is recognised within net income from reinsurance contracts in the income statement. These recoveries are recognised in the same period in which the claims costs are recognised.

b) 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 customer contracts 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 standalone 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; or
    - 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.

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, or before, 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.

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.

The liability for remaining coverage (excluding the loss component) is not adjusted for the time value of money.

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;

- 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.

vi) 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 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 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 the counterparties to its reinsurance contracts are not able to 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.

vii) 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, including price-comparison websites, 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.

viii) 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.

ix) 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 expenses, and insurance finance income or expenses.

Separate presentation of portfolios in an asset or liability position

In the statement of financial position, where applicable, the Group separately presents 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.

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.

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.

Insurance finance income or expenses

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.

x) 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 that under IFRS 17, are included in the measurement of the insurance contracts); and
- recognised any resulting net difference in equity.

However, the Group applied a transition exemption to not disclose previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applied IFRS 17.

2.3 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 January 2024.

a) Classification of liabilities as current or non-current (amendments to International Accounting Standard (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 because it presents the items included in its statement of financial position by order of liquidity. The 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 amendments are effective for annual reporting periods beginning on, or after, 1 January 2024. The amendments are not expected to have a material impact on the Group's financial statements. The amendments have been endorsed by the UK Endorsement Board.

d) Lack of exchangeability (amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on, or after, 1 January 2025. The amendments are not expected to have a material impact on the Group's financial statements. The amendments are not currently endorsed by the UK Endorsement Board.

2.4 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 year ended 31 January 2024.

a) IFRS 17 'Insurance Contracts'

The Group 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 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 with 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 statement of financial position. Under previously reported IFRS, onerous contracts were assessed at a more aggregated level, which resulted in fewer onerous contract losses being explicitly recognised. Instead, any expected losses on individual policies 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 not been recognised.

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 did not typically move in line with market interest rates; and
- the reserve margin was not explicit or linked to a target confidence level.

The presentation of 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');

(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 were grossed up in the income statement, with large nominal premiums ceded and claims recovered balances that 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 2.2.

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 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. 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 mandatory 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 with the other disclosure requirements effective for annual reporting periods beginning on, or after, 1 January 2023. The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules since: (a) it is UK based, with all revenue being generated solely in the UK; and (b) excluding revenue subject to tonnage tax, the Group's revenue is less than €750m per annum.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the Group to select accounting policies and make estimates and assumptions that affect items reported in the primary consolidated financial statements and Notes to the consolidated financial statements.

The major areas of judgement used as part of accounting policy application are summarised below.

Accounting policy references below are to the Notes to the Annual Report and Accounts for the year ended 31 January 2024.

a) Significant judgements

Acc. policy	Items involving judgement	Critical accounting judgement
2.3a	Revenue recognition - identification of performance obligations arising from insurance policies brokered by the Group	Management has exercised judgement in identifying separate performance obligations arising from insurance policies brokered by the Group, namely: • where the insurance contract is also underwritten by the Group, the judgement that the arrangement of the insurance policy is a service (performance obligation) that is distinct from the insurance underwriting service. The revenue allocated to the arrangement performance obligation is recognised earlier than the revenue that is allocated to the insurance underwriting service; and • the judgement that the option to fix the customer's premium at renewal for three-year fixed-price insurance policies is a separate performance obligation to the arrangement of the insurance policy. This results in the deferral of a portion of revenue from policy years one and two to policy years two and three. Please refer to Note 2.3a for further information on the Group's approach to revenue recognition for each performance obligation.
2.3r	Classification of the Group's risk transfer arrangements as reinsurance contracts	This judgement 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. The Group's excess of loss and funds-withheld quota share reinsurance arrangements, relating to its motor underwriting line of business, are deemed to transfer significant insurance risk to the reinsurers. They are, therefore, classified as reinsurance contracts under IFRS 17. Separately, the Group had previously entered into contracts to transfer part of the risk arising from the Group's promise to fix the customer's annual premium for three-year fixed-price policies. The Group continues to recognise amounts arising from those contracts. As the underlying promise is not an insurance contract, the contracts that transfer part of the risk arising from the promise are not classified as reinsurance contracts. Instead, they are classified as insurance contracts held, which are not in the scope of IFRS 17.
2.3h	Impairment testing of	Goodwill

2.3h Impairment testing of goodwill and other major classes of assets

Goodwill

The Group determines whether goodwill needs to be impaired at least annually and twice-yearly if indicators of impairment exist at the interim reporting date of 31 July.

New pricing rules set by the Financial Conduct Authority (**FCA**) came into effect on 1 January 2022, following the conclusion of the General Insurance Pricing Practices (**GIPP**) market study. As a result of the impact of the GIPP changes on customer pricing, especially in the highly competitive motor insurance market, there was a fall in policy volumes in the period to 31 July 2022, year to 31 January 2023, period to 31 July 2023 and year to 31 January 2024, with a consequential adverse impact on the profitability of the Insurance business. Management considered this to be an indicator of impairment and therefore conducted full impairment reviews of the Insurance Broking cash generating unit (**CGU**) as at 31 July 2022, 31 January 2023, 31 July 2023 and 31 January 2024. As a result of these reviews, management deemed it necessary to impair the goodwill allocated to the Insurance Broking CGU by £269.0m at 31 July 2022, by £68.1m at 31 July 2023 and by £36.8m at 31 January 2024.

No further impairment was deemed necessary at 31 January 2023.

Given the low materiality of the amounts in question, the Group decided to write off, in full, the £0.5m goodwill arising on acquisition of The Big Window Consulting Limited (**the Big Window**) in the period to 31 July 2022.

Property, plant and equipment

Following the continued impact of the COVID-19 pandemic on the Group's Cruise and Travel operations, management concluded that potential indicators of impairment existed and conducted impairment reviews at 31 July 2022 of the Group's two ocean cruise ships, Spirit of Discovery and Spirit of Adventure. Management considered a range of scenarios and used its judgement to conclude that no impairment was necessary.

As at 31 January 2024, 31 July 2023 and 31 January 2023, management did not consider it necessary to conduct an impairment review of the Group's two ocean cruise ships since no new indicators of impairment were identified. Please refer to Note 17 for further detail.

In the year ended 31 January 2024, management exercised its judgement in relation to the impairment of plant and equipment assets and performed an impairment review of the recoverable amount of plant and equipment assets used by the Group. As a result of this review, management deemed it necessary to impair plant and equipment assets by £0.1m in the Central Costs division. Please refer to Note 17 for further detail.

Right-of-use assets

In the years to 31 January 2024 and 31 January 2023, management did not consider it necessary to conduct an impairment review of right-of-use river cruise ship assets, since no indicators of impairment were identified.

In the year ended 31 January 2024, management exercised its judgement in relation to the impairment of right-of-use assets used by the Group's Publishing business following a restructuring exercise. As a result of this review, management deemed it necessary to impair long leasehold land and buildings assets by £0.1m in that business. Please refer to Note 18a for further detail.

Assets held for sale

In the years to 31 January 2024 and 31 January 2023, in light of the Group obtaining updated freehold property market valuation reports, management exercised judgement in relation to the impairment of property assets held for sale. As a consequence of the remeasurement of the properties to the lower of, fair value less cost to sell, and the carrying value, management concluded that a net impairment charge of £10.4m (2023: £1.2m) was accordingly recognised. Please refer to Note 38 for further detail.

Intangible assets

In the year ended 31 January 2024, following the cessation of development work and the decision to exit some of the Group's smaller, loss-making activities, management exercised its judgement in relation to the impairment of software assets and performed an impairment review of the recoverable amount of software assets used by the Insurance Broking and Central Costs divisions. As a result of this review, management deemed it necessary to impair software assets by £1.2m in the Insurance Broking business and also impair the software assets in the Central Costs division by £1.9m. Please refer to Note 16b for further detail.

2.3r Insurance contract liabilities (and related reinsurance contract assets)

Eligibility of reinsurance contracts for the PAA

Some of the Group's groups of reinsurance have a coverage period of more than 12 months, including the motor quota share arrangement, which has a three-year coverage period. Management has applied judgement in concluding that these groups are eligible for the PAA on the basis that, at initial recognition, it expects that the measurement of the asset for remaining coverage under the PAA would not differ materially to that under the IFRS 17 general measurement model.

Liability for incurred claims

This judgement relates to the estimation of future claims costs in relation to areas of uncertainty. It is relevant to both components of the IFRS 17 liability for incurred claims:

- The estimate of the present value of future cash flows
- The risk adjustment

The approach to determining the risk adjustment within the liability for incurred claims is a key area of judgement. Under IFRS 17, the risk adjustment reflects the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

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. This approach, and, in particular, the use of the 85% confidence level, results in a risk adjustment that meets the IFRS 17 requirement as a key judgement.

As the risk adjustment is determined at the level of each IFRS 17 portfolio, the confidence level referred to above does not reflect diversification of risk across these portfolios.

A further key area of judgement 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 judgement. 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) Significant estimates

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results may, therefore, differ from those estimates.

The table below sets out those items the Group considers to have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities, together with the relevant accounting policy.

Accounting policy references below are to the Notes to the Annual Report and Accounts for the year ended 31 January 2024.

Acc. Policy	Items involving estimation	Sources of estimation uncertainty
2.3ai	Revenue recognition - three-year fixed-price insurance policies	The standalone selling price of the option to fix within the Group's three-year fixed-price insurance policies has been estimated using the expected cost plus a margin approach, as set out in paragraph 79 (b) of IFRS 15. An allowance has also been made for the likelihood that the option will be exercised by factoring in the expected rate of renewal at the first and second renewal dates. The amount of revenue deferred upon initial recognition is, therefore, reduced to the extent that it is estimated that customers will not exercise the option because they either decide not to renew or they make a claim that releases the Group from its obligation to fix the customer price.
2.3f & 2.3i	Useful economic lives and residual values of software, intangible assets and ocean cruise ships	The useful economic lives and residual values of software assets classified as intangible assets (Note 15) and ocean cruise ship assets classified as property, plant and equipment (Note 17) are assessed upon the capitalisation of each asset and, at each reporting date, are based upon the expected consumption of future economic benefits of the asset.
2.3h	Goodwill impairment testing	The Group determines whether goodwill needs to be impaired on an annual basis, or more frequently as required. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, discounted at a suitably risk-adjusted rate to calculate present value. The impact of changes to pricing rules set by the FCA following the completion of the GIPP market study, especially the highly competitive motor insurance market and the adverse impact on profit before tax for the current and prior year, has increased the estimation uncertainty in the Insurance Broking CGU. The outcome of the impairment reviews conducted concluded that impairment charges of £269.0m, £68.1m and £36.8m be recognised against the Group's Insurance Broking CGU as at 31 July 2022, 31 July 2023 and 31 January 2024 respectively. Sensitivity analysis was undertaken to determine the effect of changing the discount rate, the terminal value and future cash flows on the present value calculation, as shown in Note 16a.
2.3h	Impairment of ocean and river cruise ships	Following the continued impact of the COVID-19 pandemic on the Group's operations, management conducted impairment reviews at 31 July 2022 of the Group's two ocean cruise ships, Spirit of Discovery and Spirit of Adventure. Based on these impairment reviews and looking at the probability of a range of outcomes, the Group remained comfortable that there was headroom over and above the carrying value of the two ocean cruise ship assets and, therefore, concluded that no impairment charges were necessary. No impairment indicators were identified in relation to the Group's two ocean cruise ships, or its river cruise ships, as at 31 January 2023 and 31 January 2024 and, therefore, no impairment reviews were conducted at these dates.
2.3r	Valuation of insurance contract liabilities (and related reinsurance contract assets)	Estimates of future cash flows to fulfil liabilities for incurred claims For insurance contracts, estimates have to be made for the expected cost of claims known but not yet settled (case reserves) and for the expected cost of IBNR claims, as at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. The ultimate cost of incurred claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain-Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years. Historical claims development is primarily analysed by accident year, geographical area, significant business line and peril. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future (e.g. to reflect one-off occurrences, changes in external or market factors such as public

(e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the best estimate of the ultimate cost of claims.

The estimate of future cash flows arising from PPO liabilities requires an assumption for carer wage inflation. This assumption is currently set at 1.5% above the discount rate applied to liabilities for incurred claims (see below). This assumption will continue to be assessed at future measurement dates.

Discount rate applied to liabilities for incurred claims

All the Group's liabilities for incurred claims (and related reinsurance assets) are discounted.

The determination of the discount rate applied to liabilities for incurred claims is an estimate. This discount rate reflects the current risk-free interest rate in the currency of the insurance liabilities, being British Pounds (GBP), plus an illiquidity premium. Such a discount rate is not observable 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 support 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	20 years	30 years
31 January 2024	4.9%	4.4%	4.1%	4.3%	4.9%	4.9%
31 January 2023	4.2%	4.1%	4.0%	4.1%	4.4%	4.3%

The sensitivity of this assumption is shown in Note 20(a)(iii).

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.

2.3u Valuation of pension benefit obligation

The cost of defined benefit pension plans, and the present value of the pension obligation, are determined using actuarial valuations. Actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

All significant assumptions and estimates involved in arriving at the valuation of the pension scheme obligation are set out in Note 27.

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 primarily include Saga Money (the personal finance product offering), Saga Publishing and the Group's mailing and printing business, CustomerKNECT.

Segment performance is evaluated using the Group's key performance measure of Underlying Profit/(Loss) Before Tax[8]. Items not included within a specific segment relate to transactions that do not form part of the ongoing segment performance or are managed at a Group level.

All revenue is generated solely in the UK.

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 that are then eliminated on consolidation.

Goodwill, bonds and the RCF are not included within segments as they are managed on a Group basis.

2024		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	410.0	32.3	55.4	41.0	4.8	133.5	25.1	(5.1)	563.5

Non-insurance revenue	410.0	32.3	55.4	41.0	4.8	133.5	25.1	(5.1)	563.5
Insurance revenue	-	12.7[7]	-	0.8	164.1	177.6	-	-	177.6
Revenue	**410.0**	**45.0**	**55.4**	**41.8**	**168.9**	**311.1**	**25.1**	**(5.1)**	**741.1**
Cost of sales (non-Insurance Underwriting)	(292.5)	(8.7)	-	7.9	-	(0.8)	(7.8)	-	(301.1)
Gross profit/(loss) (non-Insurance Underwriting)	**117.5**	**23.6**	**55.4**	**48.9**	**4.8**	**132.7**	**17.3**	**(5.1)**	**262.4**
Insurance service expenses	-	(22.0)	-	-	(227.2)	(249.2)	-	-	(249.2)
Net income from reinsurance contracts	-	0.1	-	-	40.1	40.2	-	-	40.2
Insurance service result	-	**(9.2)**	-	**0.8**	**(23.0)**	**(31.4)**	-	-	**(31.4)**
Other income	5.0	-	-	-	-	-	-	-	5.0
Administrative and selling expenses	(67.7)	(23.7)	(35.7)	(24.7)	-	(84.1)	(68.3)	4.8	(215.3)
Impairment of assets	-	(1.2)	-	-	(4.1)	(5.3)	(8.4)	(104.9)	(118.6)
Net finance expense from insurance contracts	-	-	-	-	(3.5)	(3.5)	-	-	(3.5)
Net finance income from reinsurance contracts	-	-	-	-	1.9	1.9	-	-	1.9
Net loss on disposal of property, plant and equipment and software	-	(0.1)	-	-	-	(0.1)	(0.4)	-	(0.5)
Investment income	0.8	0.3	-	-	12.1	12.4	2.2	-	15.4
Finance costs	(20.8)	(0.1)	-	-	-	(0.1)	(23.5)	-	(44.4)
Profit/(loss) before tax	**34.8**	**(10.4)**	**19.7**	**25.0**	**(11.8)**	**22.5**	**(81.1)**	**(105.2)**	**(129.0)**

Reconciliation to Underlying Profit/(Loss) Before Tax[8]									
Profit/(loss) before tax	**34.8**	**(10.4)**	**19.7**	**25.0**	**(11.8)**	**22.5**	**(81.1)**	**(105.2)**	**(129.0)**
Net fair value loss on derivative financial instruments	1.4	-	-	-	-	-	-	-	1.4
Impairment of goodwill	-	-	-	-	-	-	-	104.9	104.9
Impairment/loss on disposal of assets	-	1.2	-	-	1.9	3.1	8.8	-	11.9
Amortisation of fees and costs on Roger De Haan loan	-	-	-	-	-	-	0.4	-	0.4
Restructuring costs	3.4	3.8	-	-	1.4	5.2	31.7	-	40.3
Acquisition and disposal costs relating to the Big Window	-	-	-	-	-	-	-	0.3	0.3
Foreign exchange movement on lease liabilities	(0.6)	-	-	-	-	-	-	-	(0.6)
Fair value gains on debt securities	-	-	-	-	(3.5)	(3.5)	-	-	(3.5)
Changes in underwriting discount rates on non-PPO liabilities	-	-	-	-	(1.0)	(1.0)	-	-	(1.0)
Onerous contract provisions	-	0.5	-	-	11.6	12.1	-	-	12.1
Ocean Cruise discretionary ticket refunds and costs	1.0	-	-	-	-	-	-	-	1.0
Underlying Profit/(Loss) Before Tax[8]	**40.0**	**(4.9)**	**19.7**	**25.0**	**(1.4)**	**38.4**	**(40.2)**	**-**	**38.2**

2023 (restated[9])		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	305.5	45.8	57.6	44.4	(2.4)	145.4	24.3	(4.5)	470.7
Insurance revenue	-	31.2[10]	-	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									

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[8]									
(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 lease adjustment on river cruise vessels	0.6	-	-	-	-	-	-	-	0.6
Underlying (Loss)/Profit Before Tax[8]	**(9.9)**	**21.9**	**22.5**	**27.1**	**10.7**	**82.2**	**(56.8)**	**-**	**15.5**

Analysis of total assets less liabilities by segment:

	2024	2023 (restated[9])
	£m	£m
Cruise and Travel	89.3	93.7
Insurance	37.0	53.6
Other Businesses and Central Costs	152.6	167.9
Adjustments	(55.4)	50.2
	223.5	**365.4**

Total assets less liabilities detailed as adjustments relates to the following unallocated items:

	2024	2023
	£m	£m
Goodwill (Note 8)	344.7	449.6
Bonds	(400.1)	(399.4)
	(55.4)	**50.2**

Disaggregation of revenue

The following table provides a disaggregation of the Group's revenue by major product line, analysed by its core operating segments.

2024		**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	210.0						210.0
River Cruise and Travel	200.0						200.0
Motor broking		12.7	32.3	-	45.0		45.0
Home broking		-	55.4	-	55.4		55.4
Other broking		0.8	41.0	-	41.8		41.8
Insurance Underwriting		164.1	-	4.8	168.9		168.9

Money						6.4	6.4
Publishing and CustomerKNECT						12.5	12.5
Other						1.1	1.1
	410.0	**177.6**	**128.7**	**4.8**	**311.1**	**20.0**	**741.1**

2023 (restated[9])

		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
Publishing and CustomerKNECT						10.3	10.3
Other						1.6	1.6
	305.5	**193.0**	**147.8**	**(2.4)**	**338.4**	**19.8**	**663.7**

Included in Insurance Broking revenue is instalment interest income on premium financing of £6.7m (2023: £6.1m (restated[9])).

[7] This relates to amounts received by the Group's insurance broking entity in relation to insurance policies that are underwritten by the Group, which are accounted for as insurance premiums. This includes the street pricing adjustment

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

[9] For details of the restatement, please see Notes 2.4, 12a and 15

[10] This relates to amounts received by the Group's insurance broking entity in relation to insurance policies, which are underwritten by the Group, that are accounted for as insurance premiums. This includes the street pricing adjustment

4 Tax

The major components of the income tax expense are:

	2024	2023 (restated[11])
	£m	£m
Consolidated income statement		
Current income tax		
Current income tax charge	-	1.1
Adjustments in respect of previous years	(3.6)	(0.4)
	(3.6)	0.7
Deferred tax		
Relating to origination and reversal of temporary differences	(11.5)	(1.5)
Adjustments in respect of previous years	(0.9)	1.2
	(12.4)	(0.3)
Tax (credit)/expense in the income statement	**(16.0)**	**0.4**

The Group's tax credit for the year was £16.0m (2023: £0.4m expense (restated[11])) representing a tax effective rate of 66.4% before the impairment of goodwill (2023: negative 12.5% (restated[11])).

Adjustments in respect of previous years includes an adjustment for the over-provision of tax in prior years of £4.5m credit (2023: £0.8m expense (restated[11])), which includes £3.2m (2023: £nil) of repayments from HM Revenue & Customs in respect of the years ended 31 January 2019 and 31 January 2020.

Reconciliation of net deferred tax assets

	2024	2023 (restated[11])
	£m	£m
At 1 February	**11.5**	**7.2**
Tax credit recognised in the income statement	12.4	0.3

Tax credit recognised in OCI	10.9	4.0
At 31 January	**34.8**	**11.5**

On 3 March 2021, it was announced that the corporation tax rate would 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 2.4, 12a and 15

5 Dividends

The Board of Directors does not recommend the payment of a final dividend for the 2023/24 financial year (2023: nil pence per share).

For the current and prior year, no interim or final dividends were declared, or paid, during the year.

The distributable reserves of Saga plc are £407.6m deficit as at 31 January 2024, which are equal to the retained earnings reserve. If necessary, its subsidiary companies hold significant reserves from which a dividend could be paid. Subsidiary distributable reserves are available immediately, with the exception of companies within the River Cruise, Travel and Insurance Underwriting businesses, which require regulatory approval before any dividends can be declared and paid. 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.

6 Loss per share

Basic loss per share is calculated by dividing the loss after tax for the year 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 other 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:

	2024	2023 (restated[12])
	£m	£m
Loss attributable to ordinary equity holders	(113.0)	(273.1)
Weighted average number of ordinary shares	'm	'm
Ordinary shares as at 1 February	139.5	139.5
Deferred Bonus Plan (**DBP**) share options exercised	0.1	-
Restricted Share Plan (**RSP**) share options exercised	0.2	-
Ordinary shares as at 31 January	139.8	139.5
Weighted average number of ordinary shares for basic loss per share and diluted loss per share	139.8	139.5
Basic loss per share	**(80.8p)**	**(195.7p)**
Diluted loss per share	**(80.8p)**	**(195.7p)**

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

	2024	2023 (restated[12])
Basic loss per share	**(80.8p)**	**(195.7p)**
Adjusted for:		
Net fair value loss/(gain) on derivative financial instruments	0.8p	(1.2p)
Impairment, and net loss on disposal, of assets	6.8p	0.9p
Impairment of Insurance goodwill	75.0p	192.8p
Acquisition and disposal costs relating to the Big Window (Notes 7b and 7c)	0.2p	0.5p
Onerous contract provision	6.9p	3.2p
Amortisation of fees and costs on Roger De Haan loan	0.2p	-
Foreign exchange movement on lease liabilities	(0.4p)	1.7p
Fair value (gains)/losses on debt securities	(2.0p)	12.4p
Changes in underwriting discount rates on non-PPO liabilities	(0.6p)	(5.3p)
Restructuring costs	23.3p	3.1p
Ocean Cruise discretionary ticket refunds and associated costs	0.6p	-
IFRS 16 lease accounting adjustment on river cruise vessels	-	0.5p
Underlying Basic Earnings Per Share[13]	**30.0p**	**12.9p**

[12] For details of the restatement, please see Notes 2.4, 12a and 15

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

7 Business combinations and disposals

a) Acquisitions during the year ended 31 January 2024

There were no business acquisitions in the year ended 31 January 2024.

b) Acquisitions during the year ended 31 January 2023

On 16 February 2022, the Group acquired 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 that 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. The resultant goodwill of £0.5m recognised on acquisition was fully written off in the year to 31 January 2023.

The Big Window contributed £0.6m of revenue and a loss of £1.0m to the Group loss before tax from the date of acquisition to 31 January 2023.

c) Disposals

During the year ended 31 January 2024, as a result of the decision to exit some of our smaller loss-making activities, the Group made the decision to dispose of the Big Window. On 31 December 2023, the Group sold the Big Window back to its founder and Chief Executive Officer for a nominal sum of £1. The disposal did not meet the requirements of IFRS 5 to be classified as a discontinued operation.

Details of the sale of the Big Window are as follows:

	£m
Cash consideration received	-
Cash and short-term deposits disposed of as part of the transaction	-
Carrying value of net liabilities disposed	-
Loss on disposal before tax	-
Tax expense on gain	-
Loss on disposal after tax	-

7 Business combinations and disposals (continued)

c) Disposals (continued)

The carrying amounts of assets and liabilities as at the date of disposal were:

Assets	**£m**
Trade and other receivables	0.1
Cash	-
Total assets	0.1
Liabilities	
Contract liabilities	0.1
Total liabilities	0.1
Net liabilities disposed	-

There were no business disposals in the year ended 31 January 2023.

8 Goodwill

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

	2024	2023
	£m	£m
Insurance Broking	344.7	449.6

	344.7	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 GIPP 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 years to 31 January 2024 and 31 January 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, therefore, conducted full impairment reviews of the Insurance Broking CGU as at 31 July 2022, 31 January 2023, 31 July 2023 and 31 January 2024.

The recoverable amount of the Insurance Broking 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 to 2028/29, 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 2023: 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 January 2024, the pre-tax discount rate used for the Insurance Broking CGU was 13.0% (July 2023: 13.8%; January 2023: 13.0%). The Group's five-year financial forecasts incorporate the modelled impact of the new pricing rules and the estimated impact this will likely have on future new business pricing and retention rates. As per IAS 36.44, incremental cash flows directly attributable to growth initiatives not yet enacted at the statement of financial position 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 outlook on the current competitive challenges seen in the insurance broking market, in combination with a more cautious nominal terminal growth rate of 1.5% (July 2023: 1.5%; 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 +0.2ppt at 31 January 2024 (July 2023: +0.7ppt; January 2023: +1.3ppt).

The (deficit)/headroom for the Insurance Broking CGU against the carrying value of goodwill at the time of the review of £381.5m at 31 January 2024 (after recognising an impairment charge of £68.1m at 31 July 2023), and £449.6m at 31 July 2023 and 31 January 2023, was as follows:

Headroom/(deficit) £m

	Base scenario			Cash flow stress test scenario			Discount rate stress test scenario		
	31 January 2024	31 July 2023	31 January 2023	**31 January 2024**	31 July 2023	31 January 2023	**31 January 2024**	31 July 2023	31 January 2023
Insurance Broking	**(17.8)**	11.6	153.9	**(55.7)**	(88.7)	12.0	**(25.0)**	(9.8)	92.6

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 base and stressed forecast cash flows modelled.

The market challenges in Insurance persisted through the second half of the year. Management, therefore, considered it necessary to perform a further impairment assessment of goodwill as at 31 January 2024. Forecast cash flows consistent with the latest five-year plan and further stress tests, including the impact of a slower recovery from high claims inflation, have been modelled. Again, and applying a probability weighting to the base and stressed forecast cash flows modelled, management has taken the decision to impair goodwill by a further £36.8m, taking the total impairment charge for the year to £104.9m.

The headroom calculated is sensitive to the discount rate and terminal growth rate assumed, and to changes in the projected cash flows of the CGU. Increased inflationary pressures on claims, 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 January 2024, and its impact on the base scenario headroom against the carrying value of goodwill at the time of the review of £381.5m, 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 Broking	(28.2)	33.9	30.8	(24.7)	32.0	(32.0)

In the prior year, goodwill of £0.5m arising on the acquisition of the Big Window was immediately impaired in full (Note 7b).

9 Intangible fixed assets

During the year, the Group capitalised £21.7m (2023: £13.4m) of software assets, disposed of assets with a net book value of £0.3m (2023: £nil) and charged £12.0m of amortisation and impairment to its intangible assets (2023: £9.2m).

10 Property, plant and equipment

During the year, the Group capitalised assets with a cost of £2.1m (2023: £8.2m), reclassified to assets held for sale assets with a net book value of £nil (2023: £19.5m), reclassified from assets held for sale assets with a net book value of £3.4m (2023: £nil), disposed of assets with a net book value of £0.2m (2023: £0.2m) and charged £22.9m of depreciation and impairment to its property, plant and equipment (2023: £24.0m).

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 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 ship Index and Carbon Intensity Indicator regulations were introduced internationally in 2023 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. While alternative fuels may present a viable route to decarbonisation for the Ocean Cruise business, there are significant upstream supply challenges, that 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% for both vessels. As at 31 July 2022, the headroom for each of the ships against the carrying value was as follows:

	Headroom £m	
	Base scenario	Lower trading stress test scenarios
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 January 2024 and 31 January 2023 and, accordingly, no further impairment review was deemed necessary.

In addition, management has assessed the recoverable amount of plant and equipment assets as at 31 January 2024 and concluded that an impairment charge of £0.1m was required in the Group's Central Costs division.

As the Group planned to vacate its properties (Note 19), 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 19).

During the current year, the Group declassified one of the properties classified as held for sale at 31 January 2023 to property, plant and equipment since it was no longer being actively marketed for disposal (Note 19). The carrying value of this property as at 31 January 2023 was £3.4m.

11 Right-of-use assets

During the year, the Group capitalised assets with a cost of £5.9m (2023: £25.6m), disposed of assets with a net book value of £nil (2023: £nil), reduced net book value for reassessment of lease terms by £nil (2023: £22.0m) and charged £12.0m of depreciation and impairment to its right-of-use assets (2023: £8.9m).

The total cash outflow for leases amounted to £13.6m (2023: £9.1m).

River cruise ship additions in the year ended 31 January 2023 relate to the river cruise vessels, Spirit of the Danube, MS River Discovery II and MS Serenade 1.

During the year ended 31 January 2023, management reviewed the allocation of costs under its river cruise charter agreements. As a consequence, a proportion of costs previously included as lease costs for Spirit of the Rhine were reassessed as costs of ongoing service provision. Accordingly, the right-of-use asset and liability relating to this ship were adjusted in the prior year, reflecting a prospective change in estimate as required under IAS 8.

Impairment review of right-of-use assets

In the year to 31 January 2024, management decided to restructure the Group's Publishing business. As a result of this exercise, management performed an impairment review of right-of-use assets used by the Publishing business. The outcome of this review concluded that an impairment charge of £0.1m be recognised against the Group's long leasehold land and buildings as at 31 January 2024.

With the exception of the above, the Group does not consider it necessary to conduct an impairment review of right-of-use assets as at 31 January 2024 since no indicators of impairment exist. In the prior year, the Directors concluded that there were no indicators of impairment at 31 January 2023 and, accordingly, no impairment review was deemed necessary.

12 Financial assets and financial liabilities

a) Financial assets

	2024	2023 (restated[14])
	£m	£m
FVTPL		
Foreign exchange forward contracts	-	0.4
Loan funds	-	5.9
Money market funds	32.8	19.6
Debt securities[14]	219.1	254.4
	251.9	**280.3**

FVTPL designated in a hedging relationship		
Foreign exchange forward contracts	-	2.1
Fuel oil swaps	0.3	-
	0.3	**2.1**
Total financial assets	**252.2**	**282.4**
Current	74.1	62.8
Non-current	178.1	219.6
	252.2	**282.4**

b) Financial liabilities

	2024	2023
	£m	£m
FVTPL		
Foreign exchange forward contracts	0.5	0.2
	0.5	**0.2**
FVTPL designated in a hedging relationship		
Foreign exchange forward contracts	2.7	1.0
Fuel oil swaps	0.8	4.0
	3.5	**5.0**
Amortised cost		
Bond and ship loans (Note 16)	796.2	854.6
Lease liabilities	26.3	32.6
Bank overdrafts	1.9	4.4
	824.4	**891.6**
Total financial liabilities	**828.4**	**896.8**
Current	238.2	118.6
Non-current	590.2	778.2
	828.4	**896.8**

c) Fair value hierarchy

	As at 31 January 2024				As at 31 January 2023			
	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	-	-	-	-	-	2.5	-	**2.5**
Fuel oil swaps	-	0.3	-	**0.3**	-	-	-	-
Loan funds	-	-	-	-	5.9	-	-	**5.9**
Debt securities	219.1	-	-	**219.1**	254.4	-	-	**254.4**
Money market funds	32.8	-	-	**32.8**	19.6	-	-	**19.6**
Financial liabilities measured at fair value								
Foreign exchange forwards	-	3.2	-	**3.2**	-	1.2	-	**1.2**
Fuel oil swaps	-	0.8	-	**0.8**	-	4.0	-	**4.0**
Financial liabilities for which fair values are disclosed								
Bonds and ship loans	356.3	356.1	-	**712.4**	-	788.9	-	**788.9**
Lease liabilities	-	26.3	-	**26.3**	-	32.6	-	**32.6**
Bank overdrafts	-	1.9	-	**1.9**	-	4.4	-	**4.4**

d) Other information

Debt securities, loan funds and money market funds relate to monies held by the Group's Insurance Underwriting business, 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.

Following a review of the Group's loans and borrowings during the year, bonds have been transferred from Level 2 to Level 1 in the fair value hierarchy. There have been no non-recurring fair value measurements of assets and liabilities during the year (2023: none). The Group's policy is to recognise transfers into, and out of, fair value hierarchy levels as at the end of the reporting period.

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.

Bonds are valued at quoted market bid prices.

Ship loans are valued using discounted cash flows at the current rates of interest.

The Group operates a programme of economic hedging against its foreign currency and fuel oil exposures. During the year, the Group designated 126 (2023: 352) foreign exchange forward currency contracts as hedges of highly probable foreign

currency cash expenses in future periods and designated 37 (2023: 68) fuel oil swaps as hedges of highly probable fuel oil purchases in future periods. As at 31 January 2024, the Group has designated 208 (2023: 446) forward currency contracts and 65 (2023: 68) fuel oil swaps as hedges.

During the year, the Group recognised net losses of £1.3m (2023: £2.0m losses) on cash flow hedging instruments through OCI into the hedging reserve. The Group recognised £nil gains (2023: £nil) through the income statement in respect of the ineffective portion of hedges measured during the year.

During the year, the Group has de-designated 12 foreign currency forward contracts, with a transaction value of £1.3m, where 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 losses in relation to these contracts of £0.1m have been reclassified from the hedging reserve into profit or loss during the year. The Group has not de-designated any fuel oil swaps during the year. During the year, the Group recognised a £1.0m loss (2023: £0.3m loss) through the income statement in respect of matured hedges that have been recycled from OCI.

13 As a result of the adoption of IFRS 17 during the current year, the Group has changed classification of debt securities under IFRS 9 from FVOCI to FVTPL, with effect from 1 February 2022.This change applies to the whole amount of debt securities shown in the table. 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)

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13 Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank and in hand	57.8	52.0
Short-term deposits and money market funds held outside of the Insurance business	130.9	124.5
Cash and short-term deposits	**188.7**	**176.5**
Money market funds held within the Insurance business (Note 12)	32.8	19.6
Bank overdraft	(1.9)	(4.4)
Cash and cash equivalents in the consolidated statement of cash flows	**219.6**	**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. The amounts held are not readily available to be used for other purposes within the Group and total £49.8m (2023: £34.2m). Available Cash[15] excludes these amounts.

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 a defined contribution plan 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 plans

There was one defined contribution scheme in the Group at 31 January 2024 (2023: three). The total charge for the year in respect of the defined contribution schemes was £11.6m (2023: £9.9m). 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. There will be no further service charges relating to the scheme and no future monthly employer contributions for current service.

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

	2024 £m	2023 £m
Fair value of scheme assets	204.5	224.1
Present value of defined benefit obligation	(252.4)	(236.2)
Defined benefit scheme liability	**(47.9)**	**(12.1)**

The present values of the defined benefit obligation have been measured using the projected unit credit valuation method.

During the year ended 31 January 2024, the net liability position of the Saga scheme increased by £35.8m, resulting in an overall scheme deficit of £47.9m. The movements observed in the scheme's assets and obligations have been impacted by macroeconomic factors during the year where, at a global level, there have been continued inflation and cost of living pressures, as well as shifts in long-term market yields. The present value of defined benefit obligations increased by £16.2m to £252.4m and the fair value of scheme assets decreased by £19.6m to £204.5m. The net liability position moved adversely due to asset returns being significantly lower than expected, as well as the impact of using updated data from the 2023 triennial actuarial valuation, which is in progress.

Over 2023, asset performance was impacted by a repositioning of the growth part of the scheme's portfolio following the gilts crisis in 2022. Substantive changes to the overall asset allocation and in particular growth assets were required to support the scheme's interest rate and inflation hedging during, and in the months following, the gilts crisis. The portfolio, therefore, became overweight to illiquid assets and underweight to liquid growth assets, which impacted performance

therefore, became overweight to illiquid assets and underweight to liquid growth assets, which impacted performance. Changes to the asset allocation occurred over 2023 as capital was returned from the illiquid assets and repositioned into more liquid growth assets.

Meanwhile, the use of updated data from the 2023 draft triennial actuarial valuation had the dual impact of capturing experience up to 31 January 2023 not already quantified within previous disclosures and also allowing for any difference in the roll-forward and assumption changes of the liability once allowing for the updated underlying liability profile and cash flows. The primary component of the adverse experience adjustment reflects a change in the shape of the yield curve assumption compared with the prior year, which in a period of unprecedented market volatility between 30 September 2022 and 31 January 2023 in the wake of the September 2022 mini-budget, has acted to increase the liabilities of the scheme.

These adverse movements have been partly offset by a reduction in the value placed on the liabilities as a result of: changes in market conditions; future life expectancies; the level of commutation assumed and the use of the latest commutation factors; and a £5.8m deficit funding contribution being paid by the Group in February 2023. This related to a recovery plan agreed under the latest approved triennial valuation of the scheme as at 31 January 2020.

15 Insurance contract liabilities and reinsurance assets

The Group has adopted IFRS 17 'Insurance Contracts' for the first time in the year ended 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 year ended 31 January 2023 have been restated onto an IFRS 17 basis. For further details of the restatement, please see Note 2.4.

a) Reconciliation of opening and closing balances

The following tables reconcile the opening and closing balances held in relation to insurance and reinsurance contracts:

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component £m	**Loss component £m**	**Estimate of the present value of future cash flows £m**	**Risk adjustment £m**	**Total £m**
As at 1 February 2023 (restated)					
Insurance contract liabilities	**(44.3)**	**(8.4)**	**(259.2)**	**(35.6)**	**(347.5)**
Insurance revenue	177.6	-	-	-	177.6
Incurred claims and related expenses	-	17.4	(176.0)	(9.7)	(168.3)
Changes to liabilities for incurred claims	-	-	(20.9)	5.5	(15.4)
Insurance acquisition cash flows expensed	(26.0)	-	-	-	(26.0)
Losses on onerous contracts and changes in such losses	-	(25.1)	-	-	(25.1)
Other incurred insurance service expenses	-	-	(14.4)	-	(14.4)
Insurance service expenses	(26.0)	(7.7)	(211.3)	(4.2)	(249.2)
Insurance finance expense	-	-	(3.1)	(0.4)	(3.5)
Total changes in the consolidated income statement	**151.6**	**(7.7)**	**(214.4)**	**(4.6)**	**(75.1)**
Cash flows					
Premiums received	(189.9)	-	-	-	(189.9)
Insurance acquisition cash flows incurred	26.0	-	-	-	26.0
Claims and other expenses paid	-	-	187.2	-	187.2
Total cash flows	**(163.9)**	**-**	**187.2**	**-**	**23.3**
As at 31 January 2024					
Insurance contract liabilities	**(56.6)**	**(16.1)**	**(286.4)**	**(40.2)**	**(399.3)**

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss-recovery component £m	**Loss-recovery component £m**	**Estimate of the present value of future cash flows £m**	**Risk adjustment £m**	**Total £m**
As at 1 February 2023 (restated)					
Reinsurance contract (liabilities)/assets	**(5.5)**	**2.7**	**87.6**	**27.4**	**112.2**
Allocation of reinsurance premiums	**(17.0)**	**-**	**-**	**-**	**(17.0)**
Amounts recoverable for incurred claims and other expenses	-	(3.7)	21.5	3.2	21.0
Changes to amounts recoverable for					

incurred claims	-	-	32.0	2.8	34.8
Loss-recovery on onerous underlying contracts and adjustments	-	2.3	-	-	2.3
Effect of changes in the risk of non-performance of reinsurance contracts	-	-	(0.9)	-	(0.9)
Net (expense)/income from reinsurance contracts	(17.0)	(1.4)	52.6	6.0	40.2
Reinsurance finance income	-	-	1.6	0.3	1.9
Total changes in the consolidated income statement	**(17.0)**	**(1.4)**	**54.2**	**6.3**	**42.1**
Cash flows					
Premiums paid	19.4	-	-	-	19.4
Amounts received	-	-	(0.5)	-	(0.5)
Total cash flows	**19.4**	**-**	**(0.5)**	**-**	**18.9**
As at 31 January 2024					
Reinsurance contract (liabilities)/assets	**(3.1)**	**1.3**	**141.3**	**33.7**	**173.2**

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component £m	Loss component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
As at 1 February 2022 (restated)					
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 expensed	(29.5)	-	-	-	(29.5)
Losses on onerous contracts and changes in such 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 incurred	29.5	-	-	-	29.5
Claims and other expenses paid	-	-	179.6	-	179.6
Total cash flows	**(152.9)**	**-**	**179.6**	**-**	**26.7**
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		
	Excluding loss-recovery component £m	Loss-recovery component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
As at 1 February 2022 (restated)					
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**
As at 31 January 2023 (restated)					
Reinsurance contract (liabilities)/assets	**(5.5)**	**2.7**	**87.6**	**27.4**	**112.2**

b) Claims development tables

The following tables show the Group's initial estimate of ultimate gross and net claims incurred in previous financial years and the re-estimation at subsequent financial period ends. In producing these tables, the Group has applied an IFRS 17 transition exemption to not disclose previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applied IFRS 17.

i) Gross claims development

Gross loss occurring in financial years ending	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
31 January 2019 and prior financial years	3,146.5	3,085.3	3,032.3	3,101.7	3,182.8
31 January 2020	203.7	196.9	181.5	174.1	167.5
31 January 2021		130.9	125.9	117.6	102.2
31 January 2022			146.8	221.6	279.1
31 January 2023				222.4	221.9
31 January 2024					259.2
Cumulative payments to date					(3,478.2)
Gross undiscounted liabilities - losses arising from financial years 2020-2024					734.5
Claims handling expenses					6.8
Effect of discounting					(455.1)
Risk adjustment					40.4
Total gross liability for incurred claims					**326.6**

ii) Net claims development

Net loss occurring in financial years ending	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
31 January 2019 and prior financial years	2,965.6	2,943.5	2,916.6	2,935.7	2,956.2
31 January 2020	181.7	185.9	175.4	171.7	166.1
31 January 2021		121.9	114.9	116.8	101.1
31 January 2022			136.5	170.8	146.0
31 January 2023				171.3	149.5
31 January 2024					60.4
Cumulative net payments to date					(3,425.1)
Net undiscounted liabilities - losses arising from financial years 2020-2024					154.2
Claims handling expenses					6.8
Net effect of discounting					(16.0)
Net risk adjustment					6.6
Total net liability for incurred claims					**151.6**

16 Loans and borrowings

	2024	2023
	£m	£m
Bond	400.0	400.0
Ship loans	407.0	469.2
Accrued interest and fees payable	4.8	5.5
	811.8	874.7
Less: deferred issue costs	(15.6)	(20.1)
	796.2	**854.6**

a) Bonds, RCF and loan facility with Roger De Haan

At 31 January 2024, 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), a £50.0m five-year RCF (expiring in May 2025) and an £85.0m loan facility with Roger De Haan (expiring April 2026). The RCF and the loan facility with Roger De Haan were undrawn as at 31 January 2024.

i) Bonds

The bonds are listed on the Irish Stock Exchange (Euronext Dublin) 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%.

ii) RCF

Interest payable on the Group's RCF, if drawn down, is incurred at a variable rate of Sterling Overnight Index Average (**SONIA**) plus a bank margin that is linked to the Group's leverage ratio.

During the year to 31 January 2023, 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 remained restricted while leverage (excluding Cruise) is above 3.0x.

Also, during the year 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

During the year to 31 January 2024, the Group also announced that it had reached agreement with its banks to amend the covenants on its RCF. The covenants within the Group's RCF were amended as follows:

- Increase in the leverage ratio (excluding Cruise debt) covenant for 31 January 2024 from 5.5x to 6.25x.

Since 31 January 2024, the Group concluded further discussions with the lenders associated with the RCF to increase the Group's financial flexibility. As a result, the following amendments were agreed, in addition to smaller, immaterial changes:

- Increase to the leverage ratio for all remaining testing periods to 6.25x.
- Quarterly covenant testing, irrespective of whether the loan is drawn.
- The introduction of a restriction whereby, post repayment of the 2024 bond, no utilisation of the facility is permitted if free liquidity is below £40.0m.
- Consent requirement for any early repayment of corporate debt or payment of shareholder dividends.

At 31 January 2024, the Group's £50.0m RCF remained undrawn. Accrued interest and fees payable on the Group's bonds and undrawn RCF at 31 January 2024 are £1.8m (2023: £2.2m).

ii) Loan facility with Roger De Haan

In April 2023, the Group entered into a forward starting loan facility agreement with Roger De Haan, commencing on 1

January 2024, under which the Group could draw down up to £50.0m 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 and is guaranteed by Saga plc, Saga Mid Co Limited and Saga Services Limited. Per the original terms of agreement, interest will accrue on the drawn total of the facility at the rate of 10% and is payable on the last day of the period of the loan; and the facility was originally due to mature on 30 June 2025, at which point any outstanding amounts, including interest, were due to be repaid. The facility is subject to a 2% arrangement fee, payable on entering into the arrangement. A drawdown fee of 2% on any amount drawn down under the facility is payable on the drawing date; and milestone fees of 2% on any uncancelled amount of the facility become payable on 31 March 2024 and 31 December 2024 respectively.

In September 2023, the Group agreed an increase and extension to the existing loan facility with Roger De Haan. This increase was for the value of £35.0m, taking the total facility to £85.0m, and extended to expire on 31 December 2025, previously 30 June 2025. The interest rate paid on funds on the drawn total 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, remains at 10%, but increases to 18% for any amounts drawn to support general corporate purposes. In addition, the previous arrangement and milestone fees of 2% remain payable; however, the drawdown fee of 2% increases to 5% for drawdowns for general corporate purposes. The amended facility has been provided on the basis of certain conditions being met; including:

- no professional advisers 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.

Subsequent to the financial year end, a reduction of the notice period required for drawdown of the loan to 10 business days was agreed, in addition to a further extension to the termination date of the facility, from 31 December 2025 to 30 April 2026.

a) 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
- dividends remain restricted while the deferred principal is outstanding.

During the year to 31 January 2024, 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. In addition, lenders agreed to amend the covenants on the two ship debt facilities to reduce 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 January 2024 is £3.0m (2023: £3.3m).

b) Total debt and finance costs

At 31 January 2024, debt issue costs were £15.6m (2023: £20.1m). The movement in the year represents expense amortisation for the year.

During the year, the Group charged £40.2m (2023: £41.0m) to the income statement in respect of fees and interest associated with the bonds, RCF and ship loans. In addition, finance costs recognised in the income statement include £1.9m (2023: £1.2m) relating to interest and finance charges on lease liabilities, £0.5m (2023: £nil) relating to net finance expense on pension schemes, £0.4m (2023: £nil) in respect of arrangement and milestone fees associated with the loan facility agreement with Roger De Haan, as disclosed above, and net fair value losses on derivatives of £1.4m (2023: £nil). The Group has complied with the financial covenants of its borrowing facilities during the current and prior year.

17 Called up share capital

	Ordinary shares		
	Number	Nominal value £	Value £m
Allotted, called up and fully paid			
At 1 February 2022	140,337,271	0.15	21.1
At 31 January 2023	140,337,271	0.15	21.1
Issue of shares - 1 August 2023	1,458,551	0.15	0.2
At 31 January 2024	141,795,822	0.15	21.3

On 1 August 2023, Saga plc issued 1,458,551 new ordinary shares of 15p each, with a value of £0.2m, for transfer into an employee benefit trust to satisfy employee incentive arrangements. The newly issued shares rank pari passu with existing Saga shares.

18 Share-based payments

The Group has granted a number of different equity-based awards that it has determined to be share-based payments. New awards granted during the year were as follows:

a) On 26 May 2023, nil cost options over 376,557 shares were issued under the DBP 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 DBP, 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.

b) During the year, nil cost options over 2,269,377 shares were issued under the RSP to certain Directors and other senior employees that vest and become exercisable on the third anniversary of the grant date, subject to continuing employment.

c) On 8 August 2023, 595,791 shares were awarded to eligible employees on the ninth anniversary of the initial public offering and allocated at nil cost; these shares become beneficially owned over a three-year period from allocation, subject to continuing service.

The fair values of all awards granted during the year under the equity-settled and cash-settled share-based remuneration schemes operated by the Group are assessed using market price and the Monte Carlo model. The Group charged £3.4m (2023: £3.9m) during the year to the income statement in respect of equity-settled share-based payment transactions. This has been charged to administrative and selling expenses.

19 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.

At 31 January 2023, the Group obtained updated market valuations of its freehold properties held for sale, to determine the fair value of each building. As a consequence of the remeasurement of the properties to the lower of fair value less cost to sell and the carrying value, management concluded that net impairment charges totalling £1.2m should be recognised against the Group's property assets held for sale as at 31 January 2023.

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, totalling £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 current financial year.

During the year, the Group declassified one of the properties held for sale at 31 January 2023 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 2023 was £3.4m. Other than this one property, there have been no changes in relation to the Group's intention to sell any of the properties classified as held for sale at 31 January 2023 and so the held for sale designation is considered to remain appropriate for the remaining properties as at 31 January 2024.

At 31 January 2024, the Group obtained updated market valuations of its freehold properties held for sale, to determine the fair value of each building. As a consequence of the remeasurement of the properties to the lower of fair value less cost to sell and the carrying value, management concluded that net impairment charges totalling £10.4m should be recognised against the Group's property assets held for sale as at 31 January 2024.

As at 31 January 2024, the carrying values of the properties classified as held for sale, totalling £17.4m, are representative of either each property's fair value or historic cost less accumulated depreciation and any impairment charges to date, whichever is lower. Other than the net impairment charges, no gains or losses were recognised with respect to the properties during the year ended 31 January 2024.

20 Related party transactions

As set out in Note 16, in April 2023, the Company entered into a forward starting loan facility agreement with Roger De Haan, commencing on 1 January 2024, under which the Company could draw down up to £50.0m 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 and is guaranteed by Saga plc, Saga Mid Co Limited and Saga Services Limited. Per the original terms of agreement, interest will accrue on the facility at the rate of 10% and is payable on the last day of the period of the loan; and the facility was originally due to mature on 30 June 2025, at which point any outstanding amounts, including interest, were due to be repaid. The facility is subject to a 2% arrangement fee, payable on entering into the arrangement. A drawdown fee of 2% on any amount drawn down under the facility is payable on the drawing date; and milestone fees of 2% on any uncancelled amount of the facility become payable on 31 March 2024 and 31 December 2024 respectively.

In September 2023, the Group agreed an increase and extension to the existing loan facility with Roger De Haan. This increase is for the value of £35.0m, taking the total facility to £85.0m, and extended to expire on 31 December 2025, previously 30 June 2025. 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, remains at 10%, but increases to 18% for any amounts drawn to support general corporate purposes. In addition, the previous arrangement and milestone fees of 2% remain payable, however, the drawdown fee of 2% increases to 5% for drawdowns for general corporate purposes. The amended facility has been provided on the basis of certain conditions being met, including:

- no professional advisers 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.

Subsequent to the financial year end, a reduction of the notice period required for drawdown of the loan to 10 business days was agreed, in addition to a further extension to the termination date of the facility, from 31 December 2025 to 30 April 2026.

21 Events after the reporting period

Since 31 January 2024, the Group agreed a further extension to the termination date of the loan facility with Roger De Haan, from 31 December 2025 to 30 April 2026, details of which are set out in Notes 16 and 20 above, in addition to a reduction in the notice period required for drawdown of the loan to 10 business days.

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, 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 to, rather than a substitute for, GAAP measures.

Underlying Revenue

Underlying Revenue represents revenue, net of ceded reinsurance premiums earned on business underwritten by the Group, excluding the onerous contract provision, Insurance Underwriting profit commission and Ocean Cruise insurance compensation and discretionary ticket refunds to customers, but including revenue associated with the exit from some of our smaller, loss-making activities.

This measure 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. It is reconciled to statutory revenue within the Group Chief Financial Officer's Review.

Underlying Profit/(Loss) Before Tax

Underlying Profit/(Loss) Before Tax represents the loss before tax excluding:

- unrealised fair value gains and losses on derivatives;
- the net loss on disposal of assets;
- discretionary Ocean Cruise customer ticket refunds and associated costs;
- impairment of the carrying value of assets, including Insurance 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;
- costs and amortisation of fees relating to the facility with Roger De Haan;
- movements in the insurance onerous contract provisions (net of reinsurance recoveries)[2];
- costs in relation to the acquisition and disposal 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.

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 that are collated into the company-compiled consensus and allows stakeholders to make meaningful comparisons with 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. Underlying Profit Before Tax is reconciled to statutory loss before tax within the Group Chief Financial Officer's Review.

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 £40.0m per annum per ship target that was set at the time the ocean cruise ships were purchased and is reconciled to Ocean Cruise Trading EBITDA within the Group Chief Financial Officer's Review.

Gross Written Premiums

Gross Written Premiums represent the total premium that the Group charges to customers for a core insurance product, excluding insurance premium tax but before the deduction of any outward reinsurance premiums, measured with reference to the cover start date of the policy. This measure is widely used by insurers so provides a meaningful comparison of performance with our peers. It is analysed further within the Group Chief Financial Officer's Review.

Written Gross Profit After Marketing Expenses

Written Gross Profit After Marketing Expenses is calculated as written revenue, less cost of sales and marketing expenses. This measure provides a meaningful view of the contribution of each Insurance Broking product, before accounting for operating expenses, and is analysed further within the Group Chief Financial Officer's Review.

Underlying Basic Earnings/(Loss) 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;
- discretionary Ocean Cruise customer ticket refunds and associated costs;
- impairment of the carrying value of assets, including Insurance 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;
- costs and amortisation of fees relating to the facility with Roger De Haan;
- movements in the insurance onerous contract provisions (net of reinsurance recoveries)[2];
- costs in relation to the acquisition and disposal 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.

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 year.

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.

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.

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.

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 Ocean Cruise ship debt and 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.

[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

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