RNS Number : 0225B
Sabre Insurance Group PLC
18 March 2025

*Full-year results 2024*

# Profit doubled - Record premium income

- Profit before tax up 105.9% year-on-year
- Highest ever annual gross written premium - up 5% year-on-year
- Total dividend in respect of 2024 at 13.0p - up 44.4% on 2023
- Share buyback of £5m proposed
- Confident in delivery of our Ambition 2030 growth strategy

Sabre Insurance Group plc (the "Group", or "Sabre"), one of the UK's leading motor insurance underwriters, reports its results for the year ended 31 December 2024.

**SUMMARY OF RESULTS**

| | **Year to 31 December 2024** | **Year to 31 December 2023** | **Change** |
|---|---|---|---|
| Gross written premium | £236.4m | £225.1m | 5.0% |
| Net insurance margin | 17.6% | 10.6% | 7.0 ppts |
| Net loss ratio | 58.7% | 61.6% | (2.9) ppts |
| Combined operating ratio | 84.2% | 91.6% | (7.4) ppts |
| IFRS Profit before tax | £48.6m | £23.6m | 105.9% |
| IFRS Profit after tax | £36.0m | £18.1m | 98.9% |
| Total dividend per share | 13.0p | 9.0p | 44.4% |
| Return on tangible equity (annualised) | 38.2% | 22.7% | 15.5 ppts |
| Solvency coverage ratio (pre-final and special dividend) | 216.7% | 205.3% | 5.6 ppts |
| Solvency coverage ratio (post-final and special dividend) | 171.2% | 170.9% | 0.2 ppts |
| Solvency coverage ratio (post-dividend and share buyback*) | 163.1% | N/A | N/A |

** = Share buyback subject to regulatory approval*

**Geoff Carter, Chief Executive Officer of Sabre, said:**

*"We are extremely pleased with our performance in 2024, demonstrating strong cycle management over the past twelve months. We grew strongly in the first half of the year when market conditions were attractive, and we maintained our strict underwriting discipline despite a steep decline in market prices during the second half.*

*This allowed Sabre to deliver a strong financial performance and robust capital position for the business. We were delighted to announce our Ambition 2030 growth strategy in December last year and are encouraged by the early progress we have made as we continue to invest in the growth of the business.*

*Loss ratios on core Motor Vehicle and Motorcycle are excellent and underpin this strategy, while our complementary growth initiatives are progressing as planned. Sabre Direct, our in-house Motorcycle brand, is being soft launched in March, and core Motor Vehicle pricing tests are planned for H2 2025, in-line with the timeline set out at our recent Capital Markets Event. We continue to expect profit growth from Ambition 2030 to be weighted towards the second half of the six-year period as these initiatives gain further traction and momentum - complementing our core business.*

*As a result of our strong performance, we have proposed a significantly increased dividend of 13p per share alongside our first share buyback programme, through which we intend to distribute a further £5m of excess capital during 2025. This is an evolution of our existing capital management framework and reflects our view that the strategic objectives set out in Ambition 2030 will generate, rather than require, additional capital.*

*While our plans to deliver sustainable growth will not be a "straight-line" evolution, the next few years will be exciting as we build on the strong 2024 result and deliver sustainable medium-term growth in GWP, profit and shareholder returns."*

**FINANCIAL HIGHLIGHTS**

- Profit before tax more than doubled year-on-year - up 105.9% year-on-year
- Highest ever annual gross written premium - up 5% against 2023
- Dividend increased to 13.0p per share - up 44.4% year-on-year
- Announcing the Group's intention to launch a share buyback programme of £5m, subject to regulatory approval
- Very strong capital position, at 171.2% post-dividend, and 163.2% after dividend and proposed share buyback

**STRATEGIC HIGHLIGHTS**

- Underwriting discipline maintained - increased prices in 2024 in-line with our view of high single-digit claims inflation
- Ambition 2030 growth strategy launched: initiatives on schedule and core product price testing will begin in H2 2025
- Sabre Direct, our new direct, online-only motorcycle product is being soft launched in March
- Core Motor Vehicle and Motorcycle products delivered target margins supported by excellent loss ratios

– More cautious loss picks on 2024 accident year to reflect ongoing inflationary environment

**MARKET**

- Clear signs of price reductions across the market in 2024 and into 2025
- Market now appears to have returned to a normal dynamic competitive environment following more volatile pricing actions seen in recent years
- Slight softening of claims inflation, although still at high single-digit levels
- Sabre is well-placed to manage through the soft part of the pricing cycle. Having been strongly priced in 2024, we have headroom to optimise the volume/margin mix, particularly given the slight softening in claims inflation. We are comfortable with volumes being written and the margins achieved at what may be the softest part of the cycle
- We continue to expect market prices will need to increase to reflect current levels of inflation. Central assumption of market pricing increases later in 2025 as firms look to protect profit in 2026
- Any regulatory developments are expected to have a limited impact on Sabre given the Group's underwriting profit-focussed business model

**2025 OUTLOOK AND BEYOND**

- Good volume momentum later in Q1 but against a very high growth comparative period in 2024
- Anticipate strong underwriting performance and profitability in 2025 as polices written at good margins in 2024 earn through
- Ambition 2030 growth strategy launched with initiatives on track. As previously guided, there will be modest impact on premium in H2 2025 with the more material contribution to premium coming through from 2026 onward
- Sabre will maintain underwriting discipline, whilst maximising absolute profit as market pricing finds equilibrium, and expect 2025's margin to be within our target 18% to 22% range

**ENQUIRIES**


**Sabre Insurance Group** **0330 024 4696**
Geoff Carter, Chief Executive Officer
Adam Westwood, Chief Financial Officer

**Teneo** **020 72602700**
James Macey White
Ffion Dash


**ANALYST PRESENTATION**

| | |
|---|---|
| **Event Title:** | Sabre Insurance - Full Year Results 2024 |
| **Time Zone:** | Dublin, Edinburgh, Lisbon, London |
| **Start Time/Date:** | 09:30 Tuesday, March 18, 2025 |
| **Duration:** | 60 minutes |

**Webcast:** https://stream.brrmedia.co.uk/broadcast/67b4b6a4118fdd71342f2942

| Location | Phone Type | Phone Number |
|---|---|---|
| United Kingdom, Local | Local | 033 0551 0200 |
| **Password**, if prompted | Quote **Sabre Insurance** when prompted by the operator | |

**Please join the event 5-10 minutes prior to scheduled start time. When prompted, provide the confirmation code or event title.**

A replay will be made available on the Sabre website following the conclusion of the presentation.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014.

**DIVIDEND TIMETABLE**

| | |
|---|---|
| Ex-dividend date: | 17 April 2025 |
| Record date: | 22 April 2025 |
| Payment date: | 4 June 2025 |

**FORWARD-LOOKING STATEMENTS DISCLAIMER**

***Cautionary statement***

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Sabre's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Sabre's business, results of operations, financial position, prospects, growth or strategies and the industry in which it operates.

Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, Sabre disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

The Sabre Insurance Group plc LEI number is 2138006RXRQ8P8VKGV98.

**Chief Executive Officer's Review**

***"We have delivered some excellent financial results for the year - a doubling of profit compared to the previous year and growth of over 5%."***

***Record premium levels, profit doubled and attractive capital returns***

In our 2023 Report we outlined our key expectations for 2024:

– Business we wrote in 2023 would earn through at attractive margins, delivering an increase in profitability in 2024.
– Market pricing discipline would hold, allowing us to grow further.
– We would continue to develop insurer-hosted pricing ("IHP"), allowing us to deliver increasingly sophisticated pricing.
– Expected to add new Motorcycle distribution partners.
– Continued focus in 2024 would be on 'below the radar' developments as we continued to invest in our pricing and claims capabilities to maintain our position as a leading motor insurer.

I am pleased that many of these happened as we hoped. Business written in 2023 and 2024 did indeed earn through at attractive margins, market pricing discipline held in the first half of the year, facilitating good growth. We have been able to put our IHP development into context, alongside our motorcycle development plans, as part of our Ambition 2030 strategy. More details on thes are provided on pages 14 to 17 of the Annual Report.

**Reflections on 2024**

2024 was a considerably more straight forward year than the recent, turbulent past. In the past year we have been able to focus fully on developing the business rather than having to deal with the consequences of generational shocks such as COVID or extraordinar increases in cost inflation.

We have delivered some excellent financial results for the year - a doubling of profit before tax compared to the previous year and growth of over 5% despite market pricing softening in H2. This is clear evidence of a strong return to form for the business.

Within this result we are particularly pleased with the core Motor Vehicle performance at a 56.1% loss ratio and that Motorcycle is now delivering the planned performance at a 58.6% loss ratio.

While Taxi is much improved there are further improvements that are required if this is to be a long-term product for us.

We have continued to take a differentiated approach compared to the wider market. We deployed rate increases in line with our view of ongoing high single digit claims inflation, contrasting to a double-digit rate decrease across the market. This gives us confidence that strong financial performance is underpinned well into the medium term.

We were delighted to bring our growth plans together in our Ambition 2030 strategy and to showcase the excellent progress the Sabre team has made in putting in place the supporting technology stack. Core to the ambition is our intention to deliver a profit afte tax in excess of £80m in 2030. Full details can be found on our website (https://sabreplc.co.uk/investors/results-centre/). Some key elements of this strategic evolution are:

– Flexing margins in a limited and controlled way on our existing core non-standard Motor Vehicle book to maximise absolute profit in different market environments.
– Drive growth by optimising the benefits of our IHP development by additionally targeting a slightly lower risk customer segment at an appropriately modestly reduced margin.
– Expand our Motorcycle distribution through bringing on new partners and the launch of a new direct brand.

Nothing here will undermine our ongoing commitment to underwriting and pricing discipline. Growth will not be linear and will accelerate/decelerate in different parts of the market cycle, while tracking towards our 2030 target. We will remain true to our core belief: "Profitability is the target, volume is an output".

**Customers**

We have continued to focus on delivering positive customer outcomes in several ways, which we believe also positions us well in the context of current regulatory focus.

Our pricing approach has always been to price all customer segments to a consistent margin requirement, and to minimise our dependency on ancillary product sales. To support this we have ensured our margins on all ancillary products are now in line with th margins we earn on the core product. The margin we earn on providing premium finance to our direct customers is consistent with this.

Much effort has been expended on enhancing our direct customer service offering, most specifically on the usability of our online customer service portal. This will improve the customer experience while reducing cost, allowing us to reduce premiums.

**Regulatory**

We believe we have a low exposure to current areas of regulatory focus. Ancillary income is not a material part of profits and, as outlined above, we have ensured margins are modest compared to market norms and in line with our core products.

The change during the year to the Ogden discount rate, used in the valuation of large value personal injury claims, was welcome. While the direct financial impact is modest it should be helpful for future reinsurance costs.

Finally, the team has made excellent progress on the emerging operational resilience requirements.

**Market**

The UK motor insurance market remains a competitive and dynamic environment that delivers good value for the customers. We believe the market is still seeking equilibrium in pricing - it appears that some insurers believe that the pendulum swung too far with rate increases in late 2023/early 2024. However, it is clear to us that this has now swung too far the other way, with the continued price decreases later in 2024.

Our current view is that ongoing claims inflation has softened slightly as we have come through the year-end, but remains elevated. Our current best estimate is mid to high single-digit. Given this, our central assumption is that market rates will remain suppressed in H1, before increasing in H2 to protect 2026/27 results. Our approach will be unchanged - charge the appropriate price for our margin requirements. Our Ambition 2030 strategy outlines how we will flex slightly in different market conditions.

**Capital and dividend**

Our financial results have resulted in another period of strong capital generation. This performance has allowed us to declare a total dividend for the year of 13.0p per share, which is an increase of 44.4% on prior year total dividend of 9.0p per share.

I have also been pleased to announce our intention to execute our first share buy-back in 2025, through which we expect to return a additional £5m of excess capital to shareholders. As we set out in our 'Ambition 2030' strategy, our medium-term growth plans do not require this capital to be retained within the business.

### People

Our success would clearly not be possible without the dedicated support of the whole Sabre team. We seek to recognise this hard work by maintaining a generous reward approach, including paying inflation-linked pay rises, annual performance-related and Christmas bonuses, employee share plans and free breakfasts. Moreover, we seek to treat people as individuals and to provide appropriate support where required.

We continue to operate a hybrid work approach with people expected to be in the office a minimum of three days a week (many are in much more). This works well for us, our people and our customers.

### Environmental, Social and Governance ("ESG")

We continue to build on our ESG programme, with continued efforts across the firm to understand, monitor and minimise our impac on the environment. We have robust Governance in place across the firm and consideration of all stakeholders is taken into account when making key decisions. With people being core to Sabre's success, we strive to make Sabre a welcoming and rewarding workplace for all and value greatly the range of contributions that can be made through employing a diverse workforce.

### Outlook for 2025

We anticipate another strong year for profitability across Motor Vehicle and Motorcycle. Total gross written premium levels will be influenced by market dynamics, but we expect we will continue to write a good level of business. After a relatively slow start we hav seen increasing momentum in later Q1 and are comfortable with the volume of business we are currently writing.

In the second half of 2025 we will start to roll out our Ambition 2030 pricing developments - we described at our recent Capital Markets Event that this will be on a cautious, staged basis. We would not expect a meaningful financial impact this year, but certainly do expect this to enhance growth in profit into the medium term.

We are genuinely excited by our future prospects, and I would like to extend my thanks to all my colleagues and the Board for support in these endeavours.

**Geoff Carter**

**Chief Executive Officer**

**17 March 2025**

## Chief Financial Officer's Review

***"Delivering top and bottom line growth while staying true to our core strengths."***

**Highlights**

| | 2024 | 2023 |
|---|---|---|
| Gross written premium* | **£236.4m** | £225.1m |
| Net insurance margin* | **17.6%** | 10.6% |
| Net loss ratio* | **58.7%** | 61.6% |
| Combined operating ratio* | **84.2%** | 91.6% |
| IFRS profit before tax | **£48.6m** | £23.6m |
| IFRS profit after tax | **£36.0m** | £18.1m |
| Solvency coverage ratio (pre-dividend)* | **216.6%** | 205.3% |
| Solvency coverage ratio (post-dividend)* | **171.1%** | 170.9% |
| Return on tangible equity* | **38.2%** | 22.7% |

* = Alternative performance metrics are reconciled to IFRS reported figures on pages 208 to 212 of the Annual Report and Accounts

**Gross written premium**
**£236.4m**
2023 | £225.1m

**IFRS profit before tax**
**£48.6m**
2023 | £23.6m

### Executive summary

Sabre's financial performance in 2024 represents a strong return to form, with profit before tax - which remains the Group's primary metric and key focus for Ambition 2030 - having more than doubled since 2023, a result of higher written premium in 2023 and 2024 earning through and an improved net insurance margin resulting from stronger underwriting performance. Overall, we are just a fraction of a percentage point outside the Group's recently restated net insurance margin target of 18%-22%, with the year's strong improvement in current-year performance result being slightly offset by a small increase in prior-year claims costs.

This result is a great stepping-stone towards the Group's ambitious medium-term target - to reach a profit before tax of at least £80r in 2030. Alongside this, Sabre has generated significant capital and increased the total dividend payout by 44.4% while maintaining a very strong balance sheet, being well positioned to deal with whatever market conditions prevail during 2025 and to keep delivering market-leading profitability.

The Group has announced its intention to execute its first share buyback programme, worth around £5m, in 2025, subject to regulatory approval. This is an effective use of excess capital and underlines the Board's confidence in the Group's balance sheet strength and its capital-light strategic plan.

### Insurance revenue

| | 2024 | 2023 |
|---|---|---|
| Gross written premium | **£236.4m** | £225.1m |
| Movement in unearned element of liability for remaining coverage | **£7.2m** | (£40.6m) |

| | | |
|---|---|---|
| **Gross earned premium** | **£243.6m** | £184.5m |
| Customer instalment income | **£4.5m** | £3.7m |
| Insurance revenue | **£248.1m** | £188.2m |
| Reinsurance expense | **(£33.6m)** | (£28.5m) |
| **Net insurance revenue** | **£214.5m** | £159.7m |

| | | |
|---|---|---|
| **Gross written premium by product** | | |
| Motor vehicle | **£209.9m** | £199.0m |
| Motorcycle | **£9.7m** | £11.8m |
| Taxi | **£16.8m** | £14.3m |
| **Policy counts by product** | | |
| Motor vehicle ('000) | **217** | 234 |
| Motorcycle ('000) | **38** | 44 |
| Taxi ('000) | **11** | 12 |

Headline premium growth of 5.0% across 2024 was weighted towards the first half of the year, with growth being allowed to slow as market conditions became less favourable from Q2 onwards, representing a cyclical softening of market prices. Having achieved sufficient growth in the first half, Sabre was able to avoid chasing market pricing down in the second half, preserving strong margins across the book while accepting a dip in premium and policy volumes, exactly in line with the Group's strategy.

The Motorcycle business remained healthy during 2024, with the last policies written by the Group's previous distribution partner having completely run off during the year, the gap in policies being completely filled by the Group's other distribution partner.

The Taxi book remained relatively stable, with further underwriting enhancements allowing a core of profitable business to be written, while not yet being ready to accelerate growth in the product given continued under-pricing in the Taxi segment.

The 'unearned' element of the liability for remaining coverage' represents the element of written premium covering future periods, which has the effect of smoothing gross earned premium ("GEP") (and therefore insurance revenue) over time, so where there is a big change in written premium, insurance revenue will change more slowly. Customer instalment income reflects the interest income charged on instalment policies and remains a relatively small percentage of the Group's total insurance revenue.

**Insurance expense**

| | **2024** | **2023** |
|---|---|---|
| Undiscounted gross claims incurred | **£136.4m** | £127.6m |
| Discounting (1) | **(£6.9m)** | (£8.2m) |
| Directly attributable expenses | **£7.0m** | £6.1m |
| Amortisation of insurance acquisition costs | **£18.2m** | £14.1m |
| **Insurance service expense** | **£154.7m** | £139.6m |
| Undiscounted reinsurance recoveries | **£42.0m** | £38.3m |
| Discounting (1) | **(£8.4m)** | (£9.8m) |
| **Net insurance expense** | **£188.3m** | £168.1m |
| | | |
| Current-year net loss ratio (2) | **58.2%** | 64.3% |
| Prior-year net loss ratio (2) | **0.5%** | (2.7%) |
| Financial-year net loss ratio | **58.7%** | 61.6% |
| | | |
| **Net loss ratio by product** | | |
| Motor vehicle | **56.1%** | 55.0% |
| Motorcycle | **58.6%** | 73.3% |
| Taxi | **95.7%** | 117.1% |
| | | |
| **Discounted ratios** | | |
| Discounted financial-year net loss ratio | **55.4%** | 56.3% |

(1) Includes discounting on Period Payment Orders ("PPOs")

(2) Calculation of undiscounted net loss ratio allows for the impact of discounting on long-term non-life annuities, Periodic Payment Orders ("PPOs"), consistent with presentation under IFRS 4

2024 saw a continuation of the strong loss ratio improvement trends from 2023, with Motor Vehicle continuing to perform at a loss ratio in line with our target and Motorcycle and Taxi both improving, albeit from a weaker position in the previous year. The current year loss ratio, which is a measure of the claims experience on policies which were in force during the year has improved across the board, with an overall improvement of 6.1% The prior year loss ratio has shown a small outward movement in 2024 - this means that the amount held for claims on the books at the end of the prior year has increased a little, whereas in 2023 it decreased (as is usual). This reflects some adverse experience on open claims within the year and we expect prior year experience to return to normal negative loss ratios in future years.

Directly attributable and acquisition costs have increased by c24.8% , which is primarily driven by a proportionate increase in insurance revenue, given these costs are mostly broker commissions and other directly attributable variable costs.

**Other operating expenditure**

| | **2024** | **2023** |
|---|---|---|
| Employee expenses | **£15.4m** | £13.9m |
| IT expenses | **£6.8m** | £6.0m |
| Industry levies | **£6.0m** | £5.9m |
| Policy servicing costs | **£3.2m** | £2.5m |
| Other operating expenses | **£3.9m** | £4.4m |
| Before adjustment for directly attributable claims expenses | **£35.3m** | £32.7m |

| | | |
|---|---|---|
| Reclassification of directly attributable claims expenses | **(£7.0m)** | (£6.1m) |
| Total operating expenses | **£28.3m** | £26.6m |
| Expense ratio | **25.5%** | 30.0% |

The expense ratio has improved significantly, by 4.5ppts, in 2024. This is mainly due to the recovery in expense leverage following a period of low premium in the preceding years. Absolute expenses have increased by approximately 8.0%, which is in part due to the impact of variable expenses, such as policy administration costs, certain data costs and levies. It is also a consequence of the high levels of inflation during the past three years, with the impact of high inflation not being felt immediately as contracts are renewed at staggered intervals.

Total staff costs, which is Sabre's largest category of expense, has increased by 10.8% year-on-year. This is partly a function of a 4.3% increase in average full-time equivalent headcount and an average pay increase of just over 6.7%. Staff bonuses were increased by approximately 26% in 2024, returning closer to 'normal' (pre-2022) levels, and executive bonuses, which are paid from a pool calculated as a proportion of profit before tax, also increased (see pages 105 to 117 of the Annual Report for more details of executive remuneration).

**Other income**

| | 2024 | 2023 |
|---|---|---|
| Other technical income | **£0.7m** | £1.2m |
| Interest revenue calculated using the effective interest method | **£7.9m** | £3.8m |
| Insurance finance income/(expense) for insurance contracts issued | **(£8.4m)** | (£10.2m) |
| Reinsurance finance income/(expense) for reinsurance contracts held | **£3.7m** | £3.6m |
| Net insurance financial result | **(£4.7m)** | (£6.6m) |

Other technical income, related to non-insurance revenue earned such as product fees (excluding instalment interest) and commissions, remains a very small element of the Group's income. Interest revenue reflects the yield achieved across the Group's investment portfolio. The significant increase in interest revenue reflects the higher yield gained through reinvesting matured assets as well as an increase in the total assets invested during the year. The Group's investment strategy remains unchanged, being invested in a low-risk mix of UK Government bonds, other government-backed securities and diversified investment-grade corporate bonds.
Fair value gains and losses are taken through other comprehensive income and largely reflect market movements in the yields of risk-free and low-risk assets. We do not expect to realise any of these market value movements within profit, as we continue to hold invested assets to maturity.

Insurance and reinsurance finance income/(expense) reflects the run-off of discounting applied to insurance liabilities under IFRS 17. As cash flows move towards settlement, the total level of discounting is reduced and this reduction is reflected here. The slight reduction in this cost in 2024 reflects the discount rates applied at the point claims were incurred and is a function of the run-off patterns applied to claims costs when they are incurred.

**Taxation**

In 2024 the Group recorded a corporation tax expense of £12.6m (2023: £5.5m), with an effective tax rate of 25.9%, (2023: 23.5%). The increase in effective tax rate is primarily due to the increase in the UK rate of corporation tax in April 2023. It is slightly higher than the current 25% UK rate of corporation tax because of a small (£0.6m) tax charge in respect of prior periods, related to the implementation of IFRS 17. The Group has not entered into any complex or unusual tax arrangements during the year.

**Earnings per share**

| | 2024 | 2023 |
|---|---|---|
| Basic earnings per share | **14.48** | 7.27 |
| Diluted earnings per share | **14.37** | 7.20 |

Basic earnings per share of 14.48p is proportionate to profit after tax. Diluted earnings per share is similarly proportionate to profit after tax, taking into account the potentially dilutive effect of the Group's share schemes. No shares have been issued or cancelled during the year.

**Cash and investments**

| | 2024 | 2023 |
|---|---|---|
| Government bonds | **£112.8m** | £107.0m |
| Government-backed securities | **£103.3m** | £81.9m |
| Corporate bonds | **£95.1m** | £75.7m |
| Cash and cash equivalents | **£31.3m** | £35.1m |

Total cash and investment holdings have increased given the growth in the business across 2024. The level of cash retained reflects Sabre's normal liquidity requirements and there has been no change in the overall investment strategy, with gilts and government-backed assets remaining the majority of the portfolio, with c.30% of invested assets held in investment-grade corporate bonds.

**Insurance liabilities**

| | 2024 | 2023 |
|---|---|---|
| Gross insurance liabilities | **£397.9m** | £374.8m |
| Reinsurance assets | **(£160.8m)** | (£166.7m) |
| Net insurance liabilities | **£237.1m** | £208.1m |

The Group's net insurance liabilities continue to reflect the underlying profitability and volume of business written. Generally, the gross insurance liabilities are more volatile and impacted by the receipt and settlement of individually large claims. The level of net insurance liabilities held remains broadly proportionate to the volume of business written along with the inflation applied to claims costs.

**Leverage**

The Group continues to hold no external debt. All of the Group's capital is considered Tier 1 under the UK regulatory regime. The Directors continue to hold the view that this allows the greatest operational flexibility for the Group.

**Dividends and solvency**

| | 2024 | 2023 |
|---|---|---|
| Interim ordinary dividend (paid) | **1.7p** | 0.9p |

| | | |
|---|---|---|
| Final ordinary dividend (proposed) | **8.4p** | 4.2p |
| Total ordinary dividend (paid and proposed) | **10.1p** | 5.1p |
| Special dividend (proposed) | **2.9p** | 3.9p |
| Total dividend for the year (paid and proposed) | **13.0p** | 9.0p |

The dividend proposed is in line with the Group's current policy to pay an ordinary dividend of 70% of profit after tax, and to consider passing excess capital to shareholders by way of a special dividend.

Along with these financial results, the Group has announced an increase in the maximum ordinary dividend to 80% of profit after tax effective from 2025 onwards. This allows for an ordinary dividend much closer to historical levels of distribution.

Excluding the capital required to pay this dividend, the Group's SCR coverage ratio at 31 December 2024 is 171.1% .

We have announced this year that the Group intends to operate its first share buyback programme in 2025, distributing around £5m of excess capital, subject to regulatory approval. The Group's year-end SCR coverage ratio, excluding the capital required to fund this buyback, is 163.1%.

**Adam Westwood**

**Chief Financial Officer**

17 March 2025

## Financial Statements

### Consolidated Profit or Loss Account

**For the year ended 31 December 2024**

| | Notes | 2024<br>£'k | 2023<br>£'k |
|---|---|---|---|
| Insurance revenue | | **248,131** | 188,246 |
| Insurance service expense | | **(154,661)** | (139,497) |
| **Insurance service result before reinsurance contracts held** | | **93,470** | 48,749 |
| Reinsurance expense | | **(33,617)** | (28,506) |
| Amounts recoverable from reinsurers for incurred claims | | **13,026** | 31,532 |
| **Net (expense)/income from reinsurance contracts held** | | **(20,591)** | 3,026 |
| **Insurance service result** | | **72,879** | 51,775 |
| Interest income on financial assets using effective interest rate method | 4.5 | **7,926** | 3,775 |
| **Total investment income** | | **7,926** | 3,775 |
| Insurance finance expense from insurance contracts issued | 3.8 | **(8,392)** | (10,170) |
| Reinsurance finance income from reinsurance contracts held | 3.8 | **3,714** | 3,588 |
| **Net insurance financial result** | | **(4,678)** | (6,582) |
| **Net insurance and investment result** | | **76,127** | 48,968 |
| Other income | 7 | **740** | 1,232 |
| Other operating expenses | 8 | **(28,305)** | (26,587) |
| **Profit before tax** | | **48,562** | 23,613 |
| Income tax expense | 10 | **(12,601)** | (5,548) |
| **Profit for the year attributable to ordinary shareholders** | | **35,961** | 18,065 |
| Basic earnings per share (pence per share) | 19 | **14.48** | 7.27 |
| Diluted earnings per share (pence per share) | 19 | **14.37** | 7.20 |

### Consolidated Statement of Comprehensive Income

**For the year ended 31 December 2024**

| | Notes | 2024 £'k | 2023 £'k |
|---|---|---|---|
| **Profit for the year attributable to ordinary shareholders** | | **35,961** | 18,065 |
| | | | |
| *Items that are or may be reclassified subsequently to profit or loss* | | | |
| Unrealised fair value gains on debt securities | 4.5 | **3,774** | 9,284 |
| Tax charge | | **(944)** | (2,149) |
| **Debt securities at fair value through other comprehensive income** | | **2,830** | 7,135 |
| | | | |
| Insurance finance income/(expense) from insurance contracts issued | 3.8 | **6,852** | (12,436) |
| Reinsurance finance (expense)/income from reinsurance contracts held | 3.8 | **(5,880)** | 5,432 |
| Tax credit | | **395** | 1,550 |
| **Net insurance financial result** | | **1,367** | (5,454) |
| | | | |
| *Items which will not be reclassified to profit or loss* | | | |
| Revaluation gains/(losses) on owner-occupied properties | 9 | **-** | (800) |
| Income tax relating to items that will not be reclassified | | **-** | (31) |
| | | **-** | (831) |
| | | | |
| **Total other comprehensive income for the year, net of tax** | | **4,197** | 850 |
| | | | |
| **Total comprehensive income for the year attributable to ordinary shareholders** | | **40,158** | 18,915 |

**Consolidated Statement of Financial Position**

**As at 31 December 2024**

| | Notes | 2024 £'k | 2023 [(1)] £'k |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 4.1 | **31,314** | 35,079 |
| Debt securities at fair value through other comprehensive income | 4.2 | **311,184** | 264,679 |
| Receivables | 4.3 | **32** | 87 |
| Current tax assets | | **997** | 1,438 |
| Reinsurance contract assets | 3.1 | **160,758** | 166,726 |
| Property, plant and equipment | 9 | **4,204** | 4,388 |
| Deferred tax assets | 11 | **265** | 688 |
| Other assets | 13 | **778** | 774 |
| Goodwill | 14 | **156,279** | 156,279 |
| **Total assets** | | **665,811** | 630,138 |
| | | | |
| **Liabilities** | | | |
| Payables | 5 | **6,995** | 9,700 |
| Insurance contract liabilities | 3.1 | **397,924** | 374,839 |
| Other liabilities | | **2,546** | 3,187 |
| **Total liabilities** | | **407,465** | 387,726 |
| | | | |
| **Equity** | | | |
| Issued share capital | 15 | **250** | 250 |

| | | | |
|---|---|---|---|
| Own shares | 16 | **(3,112)** | (3,121) |
| Merger reserve | | **48,525** | 48,525 |
| FVOCI reserve | | **(3,064)** | (5,894) |
| Insurance/Reinsurance finance reserve (1) | | **3,606** | 2,239 |
| Share-based payments reserve | | **2,620** | 2,686 |
| Retained earnings (1) | | **209,521** | 197,727 |
| **Total equity** | | **258,346** | 242,412 |
| **Total liabilities and equity** | | **665,811** | 630,138 |

(1) Opening balance has been restated - Refer to Note 3.9

**Consolidated Statement of Changes in Equity**

**For the year ended 31 December 2024**

| | **Share capital** | **Own shares** | **Merger reserve** | **FVOCI reserve** | **Revaluation reserve** | **Insurance/ Reinsurance finance reserve (1)** | **Share-based payments reserve** | **Retained earnings (1)** | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|
| | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** |
| **Balance as at 31 December 2022, as previously reported** | 250 | (2,810) | 48,525 | (13,029) | 831 | 10,244 | 2,407 | 182,570 | 228,988 |
| Discounting model refinements (1) | - | - | - | - | - | (2,551) | - | 2,551 | - |
| **Restated balance as at 1 January 2023 (1)** | 250 | (2,810) | 48,525 | (13,029) | 831 | 7,693 | 2,407 | 185,121 | 228,988 |
| Profit for the year attributable to the owners of the Company | - | - | - | - | - | - | - | 18,065 | 18,065 |
| Total other comprehensive income for the year, net of tax: *Items that are or may be reclassified subsequently to Profit or Loss* | - | - | - | 7,135 | - | (5,454) | - | - | 1,681 |
| Total other comprehensive income for the year, net of tax: *Items which will not be reclassified to Profit or Loss* | - | - | - | - | (831) | - | - | - | (831) |
| Total comprehensive income/(expense) for the year | - | - | - | 7,135 | (831) | (5,454) | - | 18,065 | 18,915 |
| Share-based payment expense | - | - | - | - | - | - | 279 | 1,007 | 1,286 |
| Net movement in own shares | - | (311) | - | - | - | - | - | - | (311) |
| Dividends paid | - | - | - | - | - | - | - | (6,466) | (6,466) |
| **Restated balance as at 31 December 2023 (1)** | 250 | (3,121) | 48,525 | (5,894) | - | 2,239 | 2,686 | 197,727 | 242,412 |
| Profit for the year | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| attributable to the owners of the Company | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **35,961** | **35,961** |
| Total other comprehensive income for the year, net of tax: *Items that are or may be reclassified subsequently to Profit or Loss* | **-** | **-** | **-** | **2,830** | **-** | **1,367** | **-** | **-** | **4,197** |
| Total comprehensive income/(expense) for the year | **-** | **-** | **-** | **2,830** | **-** | **1,367** | **-** | **35,961** | **40,158** |
| Share-based payment expense | **-** | **-** | **-** | **-** | **-** | **-** | **(66)** | **182** | **116** |
| Net movement in own shares | **-** | **9** | **-** | **-** | **-** | **-** | **-** | **-** | **9** |
| Dividends paid | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(24,349)** | **(24,349)** |
| **Balance as at 31 December 2024** | **250** | **(3,112)** | **48,525** | **(3,064)** | **-** | **3,606** | **2,620** | **209,521** | **258,346** |

(1) Opening balance has been restated - Refer to Note 3.9

**Consolidated Statement of Cash Flows**

**For the year ended 31 December 2024**

| | Notes | 2024 £'k | 2023 £'k |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax for the year | | **48,562** | 23,613 |
| *Adjustments for:* | | | |
| Depreciation of property, plant and equipment | 9 | **184** | 140 |
| Share-based payment - equity-settled schemes | 16 | **1,607** | 1,606 |
| Investment return | | **(6,458)** | (3,131) |
| Expected credit loss | 4.4 | **5** | 6 |
| Impairment loss on owner-occupied buildings | | **-** | 333 |
| **Operating cash flows before movements in working capital** | | **43,900** | 22,567 |
| *Movements in working capital:* | | | |
| Change in receivables | | **55** | (80) |
| Change in reinsurance contract assets | | **88** | (24,340) |
| Change in other assets | | **(4)** | 504 |
| Change in payables | | **(2,705)** | 4,592 |
| Change in insurance contract liabilities | | **29,937** | 48,062 |
| Change in other liabilities | | **(641)** | 1,804 |
| **Cash generated from operating activities before investment of insurance assets** | | **70,630** | 53,109 |
| Taxes paid | | **(12,286)** | (4,658) |
| **Net cash generated from operating activities before investment of insurance assets** | | **58,344** | 48,451 |
| Interest and investment income received | | **5,248** | 3,818 |
| Proceeds from the sale and maturity of invested assets | | **98,656** | 24,089 |
| Purchases of invested assets | | **(140,180)** | (51,018) |
| **Net cash generated from operating activities** | | **22,068** | 25,340 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of property, plant and equipment | 9 | **-** | (1,665) |
| **Net cash used by investing activities** | | **-** | (1,665) |

| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
|---|---|---|---|
| Net cash used in acquiring and disposing of own shares | | **(1,484)** | (632) |
| Dividends paid | 12 | **(24,349)** | (6,466) |
| **Net cash used by financing activities** | | **(25,833)** | (7,098) |
| Net (decrease)/increase in cash and cash equivalents | | **(3,765)** | 16,577 |
| Cash and cash equivalents at the beginning of the year | | **35,079** | 18,502 |
| **Cash and cash equivalents at the end of the year** | | **31,314** | 35,079 |

**Notes to the Consolidated Financial Statements**

**For the year ended 31 December 2024**

## CORPORATE INFORMATION

Sabre Insurance Group plc is a company incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is Sabre House, 150 South Street, Dorking, Surrey, RH4 2YY, England. The nature of the Group's operations is the writing of general insurance for motor vehicles, including taxis and motorcycles. The Company's principal activity is that of a holding company.

## 1. Accounting Policies

The principal accounting policies applied in the preparation of these Consolidated and Company Financial Statements are included i the specific notes to which they relate. These policies have been consistently applied to all the years presented, unless otherwise indicated.

### 1.1. Basis of preparation

The financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2006. Endorsement of accounting standards is granted by the UK Endorsement Board ("UKEB").

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for those financial assets and owner-occupied properties that have been measured at fair value. The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the Statement of Financial Position and the Profit or Loss Account and Statement of Comprehensive Income. Where appropriate, details of estimates are presented in the accompanying notes to the Consolidated Financial Statements.

As the full impact of climate change is currently unknown, it is not possible to consider all possible future outcomes when determining the value of assets, liabilities and the timing of future cash flows. The Group's view is that any reasonable impact of climate change would not have a material impact on the valuation of assets and liabilities at the year-end date.

The financial statements values are presented in pounds sterling (£) rounded to the nearest thousand (£'k), unless otherwise indicated.

The Group presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when ther is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

### 1.2. Going concern

The Consolidated Financial Statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date the Directors approved these Financial Statements and that therefore it is appropriate to adopt a going concern basis for the preparation of the Financial Statements. In making their assessment, the Directors took into account the potential impact of the principal risks that could preve the Group from achieving its strategic objectives.

The assessment was based on the Group's Own Risk and Solvency Assessment ("ORSA"), which brings together management's view of current and emerging risks, with scenario-based analysis and reverse stress testing to form a conclusion as to the financial stability of the Group. Consideration was also given to what the Group considers its principal risks which are set out in the Principal Risks and Uncertainties section on pages 24 to 33 of the Strategic Report of the Annual Report. The assessment also included consideration of any scenarios which might cause the Group to breach its solvency requirements which are not otherwise covered i the risk-based scenario testing.

We have assessed the short, medium and long-term risks associated with climate change. Given the geographical diversity of the Group's policyholders within the UK and the Group's reinsurance programme, it is highly unlikely that a climate event will materially impact Sabre's ability to continue trading. More likely is that the costs associated with the transition to a low-carbon economy will impact the Group's indemnity spend, as electric vehicles are currently relatively expensive to fix. We expect that this is somewhat, or perhaps completely, offset by advances in technology reducing the frequency of claims, in particular bodily injury claims which ar generally far more expensive than damage to vehicles. These changes in the costs of claims are gradual and as such reflected in ou claims experience and fed into the pricing of our policies.

### 1.3. New and amended standards and interpretations adopted by the Group

***Amendments to IFRS***

The following amended IFRS standards became effective for the year ended 31 December 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Amendments to IAS 1 Presentation of Financial Statements

- Classification of Liabilities with Covenants
- Non-current Liabilities with Covenants
- Removed the requirement that the right to defer settlement be unconditional
- Deferral of Effective Date Amendment

– Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

None of the amendments have had a material impact to the Group.

### 1.4. New and amended standards and interpretations not yet effective in 2024

A number of new standards and interpretations adopted by the UK which are not mandatorily effective, as well as standards' interpretations issued by the IASB but not yet adopted by the UK, have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead, it expects to apply them from their effective dates as determined by their dates of UK endorsement. The Group is still reviewing the upcoming standards to determine their impact:

– Lack of Exchangeability (Amendments to IAS 21) - Effective 1 January 2025

– IFRS 18 Presentation and Disclosure in Financial Statements - Effective 1 January 2027, with retrospective application - IFRS 18, which replaces IAS 1 "Presentation of Financial Statements", introduces new requirements for presentation and disclosure i the financial statements, with a focus on the Profit or Loss Account. Items in the Profit of Loss Account will be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations, of which the first three are new It also requires the disclosure of newly defined management-derived performance measures, how these are calculated and why these provide useful information, reconciled to the IFRS reporting. As a presentation and disclosure standard, the implementatic of IFRS 18 will not affect the Group's results. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

## 2. Risk and Capital Management

### 2.1. Risk management framework

The Sabre Insurance Group plc Board is responsible for prudent oversight of the Group's business and financial operations, ensuring that they are conducted in accordance with sound business principles and with applicable laws and regulations, and ensure fair customer outcomes. This includes responsibility to articulate and monitor adherence to the Board's appetite for exposure to all risk types. The Board also ensures that measures are in place to provide independent and objective assurance on the effective identification and management of risk and on the effectiveness of the internal controls in place to mitigate those risks.

The Board has set a robust risk management strategy and framework as an integral element in its pursuit of business objectives an in the fulfilment of its obligations to shareholders, regulators, customers and employees.

The Group's risk management framework is proportionate to the risks that we face. Our assessment of risk is not static; we continually reassess the risk environment in which the Group operates and ensure that we maintain appropriate mitigation in order t remain within our risk appetite. The Group's Management Risk and Compliance Forum gives Management the regular opportunity to review and discuss the risks which the Group faces, including but not limited to any breaches, issues or emerging risks. The Forum also works to ensure that adequate mitigation for the risks the Group is exposed to are in place.

### 2.2. Underwriting risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group issues only motor insurance contracts, which usually cover a 12-month duration. For these contracts, the most significant risks arise from under-estimation of the expected costs attached to a policy or a claim, for example through unexpected inflation of costs or single catastrophic events.

Refer to Note 3.6 for detail on these risks and the way the Group manages them. Note 3.6 also includes the considerations of climate change. Further discussion on climate change can be found in the Principal Risks and Uncertainties section on pages 24 tc 33 of the Strategic Report and the Responsibility and Sustainability section on pages 44 to 64 of the Annual Report.

### 2.3. Credit risk

Credit risk reflects the financial impact of the default of one or more of the Group's counterparties. The Group is exposed to financial risks caused by a loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Key areas where the Group is exposed to credit default risk are:

– Failure of an asset counterparty to meet their financial obligations (Note 4.4)

– Reinsurers default on their share of the Group's insurance liabilities (Note 3.7)

– Default on amounts due from insurance contract intermediaries or policyholders (Note 3.7)

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

– A Group credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's Risk Committee

– Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining a suitable allowance for impairment

– The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings

– The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts

Refer to Notes 3.7 and 4.4 as indicated above for further information on credit risk.

### 2.4. Liquidity risk

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch or inability to raise sufficient liquid assets without suffering a substantial loss on realisation. The Group manages its liquidity risk through both ensuring that it holds sufficient cash and cash equivalent assets to meet all short-term liabilities, and matching the maturity profile of its financial investments to the expected cash outflows.

Refer to Note 6 for further information on liquidity risk.

### 2.5. Investment concentration risk

Excessive exposure to particular industry sectors or groups can give rise to concentration risk. The Group has no significant investment in any particular industrial sector and therefore is unlikely to suffer significant losses through its investment portfolio as a result of over-exposure to sectors engaged in similar activities or which have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

A significant part of the Group's investment portfolio consists primarily of UK government bonds and government-backed bonds; therefore, the risk of government default does exist, however the likelihood is extremely remote. The remainder of the portfolio consists of investment grade corporate bonds. The Group continues to monitor the strength and security of all bonds.

The Group's portfolio has a significant concentration of UK debt securities and therefore is exposed to movements in UK interest rates.

Refer to Note 4.2.1 for further information on investment concentration risk.

### 2.6. Operational risk

Operational risk is the risk of loss arising from system failure, cyber attack, human error, fraud or external events. When controls fai to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by operating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

### 2.7. Capital management

The Board of Directors has ultimate responsibility for ensuring that the Group has sufficient funds to meet its liabilities as they fall due. The Group carries out detailed modelling of its assets and liabilities and the key risks to which these are exposed. This modelling includes the Group's own assessment of its capital requirements for solvency purposes.

The Group has continued to manage its solvency with reference to the solvency capital requirement ("SCR") calculated using the standard formula. The Group has developed sufficient processes to ensure that the capital requirements under Solvency II are not breached, including the maintenance of capital at a level higher than that required through the standard formula. The Group consider its capital position to be its net assets on a Solvency II basis and monitors this in the context of the Solvency II SCR.

The Group aims to retain sufficient capital such that in all reasonably foreseeable scenarios, it will hold regulatory capital in excess of its SCR. The Directors currently consider that this is achieved through maintaining a regulatory capital surplus of 140% to 160%. As at 31 December 2024, the Group holds significant excess Solvency II capital.

The Group's IFRS capital comprised:

| | As at 31 December | |
|---|---|---|
| | **2024** | **2023** |
| | **£'k** | **£'k** |
| Share capital | **250** | 250 |
| Own shares | **(3,112)** | (3,121) |
| Merger reserve | **48,525** | 48,525 |
| FVOCI reserve | **(3,064)** | (5,894) |
| Insurance/Reinsurance finance reserve | **3,606** | 2,239 |
| Share-based payments reserve | **2,620** | 2,686 |
| Retained earnings | **209,521** | 197,727 |
| **Total** | **258,346** | 242,412 |

The Solvency II position of the Group both before and after proposed final dividend is given below:

| | As at 31 December | |
|---|---|---|
| | **2024** | **2023** |
| | **£'k** | **£'k** |
| Total tier 1 capital - pre-dividend | **134,695** | 121,099 |
| SCR | **62,199** | 58,998 |
| **Solvency coverage ratio (%) - pre-dividend** | **216.6%** | 205.3% |

| | As at 31 December | |
|---|---|---|
| | **2024** | **2023** |
| | **£'k** | **£'k** |
| Total tier 1 capital - pre-dividend | **134,695** | 121,099 |
| Less: Final dividend declared | **(28,250)** | (20,250) |
| Total tier 1 capital - post-dividend | **106,445** | 100,849 |
| SCR | **62,199** | 58,998 |
| **Solvency coverage ratio (%)** | **171.1%** | 170.9% |

The following table sets out a reconciliation between IFRS net assets and Solvency II net assets before proposed final dividend:

| | As at 31 December |
|---|---|

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| IFRS net assets | **258,346** | 242,412 |
| *Less:* Goodwill | **(156,279)** | (156,279) |
| **Adjusted IFRS net assets** | **102,067** | 86,133 |
| Remove IFRS liability: Liability for remaining coverage (unearned premium element) | **117,245** | 124,448 |
| Remove IFRS asset: Insurance acquisition cash flow asset | **(8,472)** | (8,733) |
| Remove IFRS liability: Risk adjustment | **14,304** | 12,255 |
| Add Solvency II liability: Risk margin | **(6,975)** | (5,904) |
| Add Solvency II liability: Premium provision | **(74,613)** | (76,441) |
| Changes in valuation differences of technical reserves between IFRS and Solvency II | **2,015** | 996 |
| **Change in deferred tax liability due to difference in net asset position** | **(10,876)** | (11,655) |
| **Solvency II net assets** | **134,695** | 121,099 |

The adjustments set out in the above table have been made for the following reasons:

– **Adjusted IFRS net assets:** Equals Group net assets on an IFRS basis, less Goodwill.
– **Removal of liability for remaining coverage and insurance acquisition cash flow asset:** Liability for remaining coverage is not treated as a liability under Solvency II.
– **Removal of insurance acquisition cash flow asset:** Insurance acquisition cash flow asset is not deferred under Solvency II.
– **Removal of IFRS risk adjustment:** Solvency II risk margin replaces IFRS risk adjustment.
– **Addition of Solvency II risk margin:** The Solvency II risk margin represents the premium that would be required were the Group to transfer its technical provisions to a third party, and essentially reflects the SCR required to cover run-off of claims on existing business. This amount is calculated by the Group through modelling the discounted SCR on a projected future balance sheet for each year of claims run-off.
– **Addition of Solvency II premium provision:** A premium reserve reflecting the future cash flows in respect of insurance contracts is calculated and this must be discounted under Solvency II.
– **Changes in valuation differences:** Valuation differences of technical differences between IFRS 17 and Solvency II, including discounting.
– **Change in deferred tax:** As the move to a Solvency II basis balance sheet increases the net asset position of the Group, a deferred tax liability is generated to offset the increase.

Sabre Insurance Group plc's SCR, expressed on a risk module basis, is set out in the following table:

| | | As at 31 December | |
|---|---|---|---|
| | Notes | 2024<br>£'k | 2023<br>£'k |
| Interest rate risk | | **5,289** | 4,655 |
| Equity risk | | **-** | - |
| Property risk | | **900** | 900 |
| Spread risk | | **3,109** | 2,739 |
| Currency risk | | **584** | 1,058 |
| Concentration risk | | **-** | - |
| Correlation impact | | **(3,226)** | (3,192) |
| **Market risk** | | **6,656** | 6,160 |
| Counterparty risk | | **3,325** | 3,098 |
| Underwriting risk | | **68,011** | 63,720 |
| Correlation impact | | **(6,678)** | (6,219) |
| **Basic SCR** | | **71,314** | 66,759 |
| Operating risk | | **8,714** | 7,650 |
| Loss-absorbing effect of deferred taxes | | **(17,829)** | (15,411) |
| **Total SCR** | | **62,199** | 58,998 |

The total SCR is primarily driven by the underwriting risk element, which is a function of the Group's net earned premium (or projected net earned premium) and the level of reserves held. Therefore, the SCR is broadly driven by the size of the business.

The Group's capital management objectives are:

– To ensure that the Group will be able to continue as a going concern
– To maximise the income and capital return to its equity

The Board monitors and reviews the broad structure of the Group's capital on an ongoing basis. This review includes consideration o the extent to which revenue in excess of that which is required to be distributed should be retained.

The Group's objectives, policies and processes for managing capital have not changed during the year.

The Group's objectives, policies and processes for managing capital have not changed during the year.

### 3. Insurance Liabilities and Reinsurance Assets

**ACCOUNTING POLICY**

For the purpose of this accounting policy, the term 'motor insurance' covers all the Group's products, which includes Motor Vehicle, Motorcycle and Taxi insurance.

**A. Insurance and reinsurance contracts classification**

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from a policyholder
by agreeing to compensate the policyholder if a specified uncertain future insured event adversely affects the policyholder.

As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

The Group issues only non-life insurance to individuals and businesses. Non-life insurance products offered by the Group are Motor Vehicle, Motorcycle and Taxi insurance. These products offer protection of a policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risks if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contacts, even if it does not expose the reinsurer to the possibility of a significant loss.

**B. Insurance and reinsurance contracts accounting treatment**

***(i) Separating components from insurance and reinsurance contracts***

The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

***(ii) Aggregation and recognition of insurance and reinsurance contracts***

*Insurance contracts*

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts 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 contracts:

- Any contracts that are onerous on initial recognition
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts in the annual cohort

The Group recognises groups of insurance contracts it issues from the earliest of:

- The beginning of the coverage period of the group of contracts
- When the first payment from a policyholder in the group becomes due or when the first payment is received if there is no due date
- When facts and circumstances indicate that the contract is onerous

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g. a change in market experience or regulations

*Reinsurance contracts*

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

The Group recognises a group of reinsurance contracts held at the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

***(iii) Measurement***

*Summary of measurement approaches*

The Group uses the following measurement approaches to its insurance and reinsurance contacts.

| | **Product classification** | **Measurement model** |
|---|---|---|
| **Insurance contracts issued** | | |
| Motor insurance | Insurance contracts issued | Premium Allocation Approach ("PAA") |
| **Reinsurance contracts held** | | |
| Motor insurance - excess of loss reinsurance | Reinsurance contracts held | Premium Allocation Approach ("PAA") |

The Group applies the premium allocation approach to all the insurance contracts that it issues and reinsurance contracts that it holds, as the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary. The Group does not expect significant variability in the fulfilment cash flows that would affec the measurement of the liability for remaining coverage during the period before a claim is incurred.

All the Group's insurance contracts have a coverage period of one year or less. The Group's reinsurance contracts held are excess o loss contracts and are loss occurring. The Group does not issue any reinsurance contracts.

*Insurance contracts issued*
On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage ("LRC") is measured at:

– The premiums received on initial recognition
– Minus any insurance acquisition cash flows allocated to the group at that date
– Adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows)

The Group has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the Group measures the carrying amount of the LRC at the end of each reporting period as the LRC at the beginning of the period:

– Plus premiums received in the period
– Minus insurance acquisition cash flows
– Plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period
– Minus the amount recognised as insurance revenue for the services provided in the period

On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in Profit or Loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

The Group recognises the liability for incurred claims ("LIC") of a group of insurance contracts at the amount of the fulfilment cash flows ("FCF") relating to incurred claims. The fulfilment cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

– The LRC
– The LIC

*Risk adjustment for non-financial risk*
An explicit risk adjustment for non-financial risk is estimated separate from the other estimates. Unless contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

This risk adjustment represents the compensation that the Group requires for bearing the uncertainty about the amount and timing o cash flows that arise from non-financial risk. Non-financial risk is risk arising from insurance contracts other than financial risk, which is included in the estimates of future cash flows or the discount rate used to adjust the cash flows. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The risk adjustment for non-financial risk for insurance contracts measures the compensation that the Group would require to make it indifferent between:

– Fulfilling a liability that has a range of possible outcomes arising from non-financial risk
– Fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts

*Reinsurance contracts held*
The excess of loss reinsurance contracts held provide coverage on the motor insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA. The Group measures its reinsurance assets for a group of reinsuranc contracts that it holds on the same basis as insurance contracts that it issues. For reinsurance contracts held, on initial recognition the Group measures the remaining coverage at the amount of ceding premiums paid. For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

– Increased for ceding premiums paid in the period
– Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period

Assets for reinsurance contracts consist of the asset for remaining coverage ("ARC") and the asset for incurred claims ("AIC") being the reinsurers' share of claims that have already been incurred.

For reinsurance contracts held, the risk adjustment for non-financial risk presents the amount of risk being transferred by the Group to the reinsurer.

*Asset for insurance acquisition cash flows*
The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

a. Costs directly attributable to individual contracts and groups of contracts

b. Costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

*Recoverability assessment*
At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, ther the Group:

a. Recognises an impairment loss in Profit or Loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group

b. If the asset relates to future renewals, recognises an impairment loss in Profit or Loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a)

The Group reverses any impairment losses in Profit or Loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

*Modification and derecognition*
The Group derecognises insurance contracts when:

– The contract is extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled)
– The contract is modified and certain additional criteria are met

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. If the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

   i. Is not in scope of IFRS 17

   ii. Results in different separable components

   iii. Results in a different contract boundary

   iv. Belongs to a different group of contracts

b. The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to Profit or Loss:

a. If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any othe cash flows arising from extinguishment

b. If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party

c. If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC anc the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification

***(iv) Presentation***
The Group has presented separately, in the Statement of Financial Position, the carrying amount of portfolios of insurance contracts issued and portfolios of reinsurance contracts held.

The Group has elected to disaggregate part of the movement in LIC resulting from the changes in discount rates and present this in the Statement of Comprehensive Income. The Group disaggregates the total amount recognised in the Profit or Loss Account and the Statement of Comprehensive Income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

## AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

**Insurance service result from insurance contracts issued**

***Insurance revenue***
As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

The Group measures all insurance contracts under the PAA and recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

***Insurance service expenses***
Insurance service expenses include the following:
– Incurred claims and benefits
– Other incurred directly attributable expenses
– Amortisation of insurance acquisition cash flows
– Changes that relate to past service - changes in the FCF relating to the LIC
– Changes that relate to future service - changes in the FCF that result in onerous contract losses or reversals of those losses

Amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the Profit or Loss Account.

**Insurance service result from reinsurance contracts held**

***Net income/(expense) from reinsurance contracts held***
The Group presents separately on the face of the Profit or Loss Account and the Statement of Comprehensive Income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The net income/(expense) from

expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The net income/(expense) from reinsurance contract held comprise:

- Reinsurance expenses
- For groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses
- Incurred claims recovery
- Other incurred directly attributable expenses
- Changes that relate to past service - changes in the FCF relating to incurred claims recovery
- Effect of changes in the risk of reinsurers' non-performance

**Amounts relating to accounting for onerous groups of underlying insurance contracts issued**

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premium that the Group expects to pay in exchange for those services. Broker fees are included in reinsurance expenses.

All groups of reinsurance contracts held are measured under the PAA and reinsurance expenses are recognised based on the passage of time over the coverage period of a group of contracts.

## AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### 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
- The effect of financial risk and changes in financial risk

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a. Interest accreted on the LIC
b. The effect of changes in interest rates and other financial assumptions

The Company disaggregates insurance finance income or expenses on motor insurance contracts issued between Profit or Loss an OCI. The Company has made an accounting policy choice to disaggregate insurance finance income or expenses for the period to include within OCI an amount which reflects the difference between the carrying amount of a group of contracts and the amount that the group would have been measured at using the discount rates in effect on initial recognition, effectively reflecting the impact of discount rate changes on the opening liability for incurred claims through other comprehensive income. The amount recognised in other comprehensive income over the duration of a group of contracts will always total zero.

The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Company's financial assets backing the motor insurance portfolios are predominantly measured at fair value through Other Comprehensive Income ("FVOCI").

## RISK MANAGEMENT

Refer to Notes 3.6 and 3.7 for detail on risks relating to insurance liabilities and reinsurance assets, and the management thereof.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires the Group to select accounting policies and make estimates, assumptions and judgements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within th next financial year, are discussed below. The Group based its assumptions and estimates on information and facts available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose major product lines, namely Motor Vehicle, Motorcycle and Taxi.

### Accounting judgements

#### A. Level of aggregation and measurement model for insurance contracts

For measurement purposes, insurance contracts are aggregated into groups based on an assessment of risks and dividing each portfolio into annual cohorts by year of issue. Judgement is required in assessing if the contracts have similar risks that are managed together. Each annual cohort Is then divided into three groups based on the expected profitability of contracts, being contracts that are onerous on initial recognition, have no significant possibility of becoming onerous, or any other contracts which do not fall into those categories. Judgement is applied to determine the profitability of contracts at initial recognition. The Group applies the default assumption that no groups of contracts are onerous unless facts and circumstances indicate otherwise. Further judgement is applied to determine how contracts will be measured. The Group applies the PAA to simplify the measurement of all insurance contracts issued and reinsurance contracts held. The judgement around the PAA has been disclosed in section B(iii) of the Group's accounting policies for insurance liabilities and reinsurance assets.

#### B. Insurance acquisition cash flows

IFRS 17 requires an entity to include a portion of its overhead costs that are directly attributable in fulfilling the obligations under an insurance contract, in the fulfilment cash flows of the related liability.

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Group revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary, revises the amounts of assets for insurance acquisition cash flows accordingly.

#### C. Discount rates

As there are no referenced asset portfolios backing the LIC, because of the volatility and uncertainty of claims on short term insurance contracts, the Group deemed it more appropriate to use the bottom-up approach under IFRS 17 for discounting. This reflects a risk-free yield curve and an illiquidity premium. The standard does not specify how to calculate the illiquidity premium.

The Group uses the risk-free curves published by the Bank of England. The Solvency II GBP risk-free yield curve is based on 6-month SONIA swap rates, corrected using an adjustment defined by the PRA for credit risk. SONIA-based yield curves are considered to contain negligible credit risk, according to the Bank of England, as the contracts that make it up settle overnight.

The Group has performed a number of analyses in determining the choice of the illiquidity risk component, including using the Solvency II volatility adjustment ("VA"). The analyses did not identify any material differences in reserves. Given the nature of the liabilities and that there is no penalty or surrender value to exit the insurance contracts, the Group applied judgement in setting the illiquidity risk component and has selected the VA to be an appropriate proxy for the illiquidity adjustment.

illiquidity risk component and has selected the VA to be an appropriate proxy for the illiquidity adjustment.

Discount rates applied for discounting of future cash flows are listed below:

| | 31 December 2024 | | | | 31 December 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **1 year** | **3 years** | **5 years** | **10 years** | **1 year** | **3 years** | **5 years** | **10 years** |
| Motor insurance | 4.70% | 4.39% | 4.28% | 4.31% | 5.05% | 3.98% | 3.67% | 3.67% |

See Note 3.6 for the impact of a 1% increase or decrease in the discount rates used.

**D. Risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows could exceed the expected value amount.

The Group has estimated the risk adjustment using a methodology which targets a confidence level (probability of sufficiency) approach between the 80th and 90th percentile. At 31 December 2024, the net risk adjustment applied equates to an approximate confidence interval of 80.6% (31 December 2023: 81.3%). That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 80th to 90th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Sabre uses a 'bootstrapping' method to create a distribution of outcomes for the outstanding claim amounts. This distribution is assessed to calculate the risk adjustment at a chosen confidence level. Bootstrapping involves taking random samples of the data for analysis, rather than using the full dataset. Multiple random samples are selected, with each random sample selected from the full dataset.

See Note 3.6 for the impact of moving the confidence interval of the booked risk adjustment up or down by 5ppts.

## Critical accounting estimates

**E. Liability for incurred claims ("LIC")**

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (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 estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Group has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs. Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

The key estimates in calculating the LIC are the amount and timing of future claims payments in relation to claims already incurred. This is primarily assessed with reference to past performance, including past settlement patterns, as per the actuarial methodology outlined above. This includes estimating the likely changes in inflation as relates to claims already incurred, as well as the expected frequency of claims which have occurred but which have not yet been reported. The ongoing cost of handling claims already incurred is estimated with reference to the historical cost-per-claim calculated over the past 12 months.

See Note 3.6 for the impact of a 5ppts increase in loss ratio and the impact of a 5% increase in outstanding claims.

**3.1. Composition of the Statement of Financial Position**

An analysis of the amounts presented on the Statement of Financial Position for insurance contacts is included in the table below.

| | | As at December | |
|---|---|---|---|
| | | **2024** | **2023** |
| | **Notes** | **£'k** | **£'k** |
| **Insurance contract liabilities** | | | |
| *Insurance contract liabilities* | | | |
| Motor Vehicle insurance | | **334,767** | 321,720 |
| Motorcycle insurance | | **34,321** | 32,370 |
| Taxi insurance | | **37,308** | 29,482 |
| *Asset for insurance acquisition cash flows* | | | |
| Motor Vehicle insurance | 3.3 | **(6,488)** | (6,933) |
| Motorcycle insurance | 3.3 | **(880)** | (867) |
| Taxi insurance | 3.3 | **(1,104)** | (933) |
| **Total insurance contract liabilities** | | **397,924** | 374,839 |

| Reinsurance contracts assets | | |
|---|---|---|
| Motor Vehicle insurance | **133,974** | 143,364 |
| Motorcycle insurance | **15,018** | 13,502 |
| Taxi insurance | **11,766** | 9,860 |
| **Total reinsurance contract assets** | **160,758** | 166,726 |

### 3.2. Movements in insurance and reinsurance contract balances

#### *3.2.1. Insurance contracts issued*

Reconciliation of liability for remaining coverage and the liability for incurred claims

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Liabilities for Remaining Coverage ("LRC") | Liabilities for Incurred Claims ("LIC") | | Total | Liabilities for Remaining Coverage ("LRC") | Liabilities for Incurred Claims ("LIC") | | Total |
| In £'k | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| **Opening insurance contract liabilities** | **63,008** | **258,358** | **53,473** | **374,839** | 47,836 | 221,651 | 44,854 | 314,341 |
| **Insurance revenue** | **(248,131)** | **-** | **-** | **(248,131)** | (188,246) | - | - | (188,246) |
| Insurance service expenses | **18,166** | **132,011** | **4,484** | **154,661** | 14,057 | 116,821 | 8,619 | 139,497 |
| Incurred claims and other directly attributable expenses | **-** | **127,787** | **14,988** | **142,775** | - | 110,057 | 13,605 | 123,662 |
| Changes that relate to past service - changes in the FCF relating to the LIC | **-** | **4,224** | **(10,504)** | **(6,280)** | - | 6,764 | (4,986) | 1,778 |
| Amortisation of insurance acquisition cash flows | **18,166** | **-** | **-** | **18,166** | 14,057 | - | - | 14,057 |
| **Insurance service result** | **(229,965)** | **132,011** | **4,484** | **(93,470)** | (174,189) | 116,821 | 8,619 | (48,749) |
| Insurance finance expense recognised in Profit or Loss Account | **-** | **8,392** | **-** | **8,392** | - | 10,170 | - | 10,170 |
| Insurance finance (income)/expense recognised in Other Comprehensive Income | **-** | **(6,852)** | **-** | **(6,852)** | - | 12,436 | - | 12,436 |
| **Total changes in Comprehensive Income** | **(229,965)** | **133,551** | **4,484** | **(91,930)** | (174,189) | 139,427 | 8,619 | (26,143) |
| **Cash flows** | | | | | | | | |
| Premiums received | **254,389** | **-** | **-** | **254,389** | 206,189 | - | - | 206,189 |
| Claims and other insurance services expenses paid | **-** | **(121,469)** | **-** | **(121,469)** | - | (102,720) | - | (102,720) |
| Insurance acquisition cash flows | **(17,905)** | **-** | **-** | **(17,905)** | (16,828) | - | - | (16,828) |
| **Total cash flows** | **236,484** | **(121,469)** | **-** | **115,015** | 189,361 | (102,720) | - | 86,641 |
| **Closing insurance contract liabilities** | **69,527** | **270,440** | **57,957** | **397,924** | 63,008 | 258,358 | 53,473 | 374,839 |

#### *3.2.2. Reinsurance contracts held*

Reconciliation of assets for remaining coverage and the assets for incurred claims

| 2024 | 2023 |
|---|---|

| In £'k | Assets for remaining coverage | Assets for incurred claims | | TOTAL | Assets for remaining coverage | Assets for incurred claims | | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| **Opening reinsurance contract assets** | **2,075** | **123,433** | **41,218** | **166,726** | 5,675 | 97,996 | 33,283 | 136,954 |
| **Net (expense)/income from reinsurance contracts held** | **(33,617)** | **10,591** | **2,435** | **(20,591)** | (28,506) | 23,597 | 7,935 | 3,026 |
| Reinsurance expense | **(33,617)** | **-** | **-** | **(33,617)** | (28,506) | - | - | (28,506) |
| Incurred claims recovery | **-** | **10,233** | **9,205** | **19,438** | - | 16,738 | 9,103 | 25,841 |
| Changes that relate to past service | **-** | **358** | **(6,770)** | **(6,412)** | - | 6,859 | (1,168) | 5,691 |
| Reinsurance finance income recognised in Profit or Loss Account | **-** | **3,714** | **-** | **3,714** | - | 3,588 | - | 3,588 |
| Reinsurance finance (expense)/income recognised in Other Comprehensive Income | **-** | **(5,880)** | **-** | **(5,880)** | - | 5,432 | - | 5,432 |
| **Total changes in Comprehensive Income** | **(33,617)** | **8,425** | **2,435** | **(22,757)** | (28,506) | 32,617 | 7,935 | 12,046 |
| **Cash flows** | | | | | | | | |
| Premiums paid | **34,992** | **-** | **-** | **34,992** | 24,906 | - | - | 24,906 |
| Recoveries received | **-** | **(18,203)** | **-** | **(18,203)** | - | (7,180) | - | (7,180) |
| **Total cash flows** | **34,992** | **(18,203)** | **-** | **16,789** | 24,906 | (7,180) | - | 17,726 |
| **Closing reinsurance contract assets** | **3,450** | **113,655** | **43,653** | **160,758** | 2,075 | 123,433 | 41,218 | 166,726 |

### 3.3. Assets for insurance acquisition cash flows

| | £'k |
|---|---|
| **Balance as at 1 January 2023** | 5,962 |
| Amounts incurred during the year | 16,828 |
| Amounts derecognised and included in measurement of insurance contracts | (14,057) |
| **Balance as at 31 December 2023** | 8,733 |
| Amounts incurred during the period | **17,905** |
| Amounts derecognised and included in measurement of insurance contracts | **(18,166)** |
| **Balance as at 31 December 2024** | **8,472** |

The following table sets out when the Group expects to derecognise assets for insurance acquisition cash flows after the reporting date:

| | £'k |
|---|---|
| **31 December 2024** | |
| Less than one year | **8,410** |
| More than one year | **62** |
| | **8,472** |

**31 December 2023**

| | |
|---|---|
| Less than one year | 8,032 |
| More than one year | 701 |
| | 8,733 |

### 3.4. Claims development

The presentation of the claims development tables for the Group is based on the actual date of the event that caused the claim (accident year basis). These triangles present estimated costs including any risk adjustment and associated liability related to the future cost of handling claims.

***Gross of reinsurance***

| Accident year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | £'k | £'k | £'k | £'k | £'k | £'k | £'k | £'k | £'k | £'k | £'k |
| **Estimates of undiscounted gross cumulative claims** | | | | | | | | | | | |
| At the end of the accident year | 103,599 | 111,518 | 165,707 | 120,077 | 126,981 | 101,965 | 89,233 | 136,811 | 133,334 | 146,677 | |
| - One year later | 90,133 | 100,935 | 131,803 | 108,089 | 122,663 | 97,953 | 93,309 | 131,433 | 134,785 | | |
| - Two years later | 82,537 | 94,294 | 123,651 | 107,988 | 127,225 | 93,390 | 90,941 | 121,909 | | | |
| - Three years later | 79,845 | 91,336 | 122,674 | 113,257 | 131,254 | 88,192 | 95,294 | | | | |
| - Four years later | 77,095 | 90,789 | 124,128 | 118,600 | 135,173 | 89,574 | | | | | |
| - Five years later | 77,038 | 92,629 | 137,472 | 125,038 | 138,777 | | | | | | |
| - Six years later | 77,469 | 101,655 | 137,660 | 132,657 | | | | | | | |
| - Seven years later | 77,729 | 101,124 | 135,674 | | | | | | | | |
| - Eight years later | 77,040 | 102,797 | | | | | | | | | |
| - Nine years later | 76,922 | | | | | | | | | | |
| Current estimate of cumulative claims | 76,922 | 102,797 | 135,674 | 132,657 | 138,777 | 89,574 | 95,294 | 121,909 | 134,785 | 146,677 | |
| Cumulative gross claims paid | (76,061) | (93,893) | (90,207) | (113,703) | (110,701) | (73,102) | (65,507) | (76,827) | (68,036) | (47,731) | |
| Undiscounted gross liabilities - accident years from 2015 to 2024 | **861** | **8,904** | **45,467** | **18,954** | **28,076** | **16,472** | **29,787** | **45,082** | **66,749** | **98,946** | **359,298** |
| Undiscounted gross liabilities - accident years from 2014 and before | | | | | | | | | | | 32,055 |
| Effect of discounting | | | | | | | | | | | (62,956) |
| **Total gross liabilities for incurred claims ("LIC")** | | | | | | | | | | | **328,397** |
| Liabilities for remaining coverage ("LRC") | | | | | | | | | | | 69,527 |
| **Total gross liabilities included in the Statement of Financial Position** | | | | | | | | | | | **397,924** |

The purple-coloured numbers are undiscounted, but otherwise presented on an IFRS 17 basis. The blue-coloured numbers have not been restated under IFRS 17 and reflect the numbers as previously reported under IFRS 4. The primary difference between the IFRS 17 and IFRS 4 numbers presented here relates to the risk adjustment.

The gross liabilities for incurred claims and gross liabilities for remaining coverage per product is given below:

| | LIC | LRC | Total |
|---|---|---|---|
| Motor Vehicle | 269.652 | 58.628 | 328.280 |

| | | | |
|---|---|---|---|
| Motorcycle | 30,288 | 3,152 | 33,440 |
| Taxi | 28,457 | 7,747 | 36,204 |
| **Total** | **328,397** | **69,527** | **397,924** |

***Net of reinsurance***

| Accident year | 2015 £'k | 2016 £'k | 2017 £'k | 2018 £'k | 2019 £'k | 2020 £'k | 2021 £'k | 2022 £'k | 2023 £'k | 2024 £'k | Total £'k |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimates of undiscounted net cumulative claims | | | | | | | | | | | |
| At the end of the accident year | 97,288 | 104,808 | 106,478 | 111,433 | 115,011 | 85,723 | 81,161 | 106,049 | 102,185 | 122,858 | |
| - One year later | 85,814 | 93,664 | 96,446 | 99,649 | 111,550 | 81,882 | 82,487 | 102,066 | 99,913 | | |
| - Two years later | 81,164 | 87,824 | 91,806 | 98,641 | 111,347 | 80,990 | 80,146 | 100,202 | | | |
| - Three years later | 77,869 | 85,243 | 91,179 | 99,071 | 111,342 | 78,353 | 80,579 | | | | |
| - Four years later | 76,409 | 84,995 | 88,545 | 100,893 | 112,156 | 78,193 | | | | | |
| - Five years later | 76,254 | 84,891 | 92,002 | 103,254 | 114,153 | | | | | | |
| - Six years later | 76,011 | 86,784 | 92,375 | 103,873 | | | | | | | |
| - Seven years later | 76,581 | 86,536 | 93,897 | | | | | | | | |
| - Eight years later | 76,425 | 85,464 | | | | | | | | | |
| - Nine years later | 76,445 | | | | | | | | | | |
| Current estimate of cumulative claims | 76,445 | 85,464 | 93,897 | 103,873 | 114,153 | 78,193 | 80,579 | 100,202 | 99,913 | 122,858 | |
| Cumulative net claims paid | (75,657) | (84,089) | (85,462) | (98,539) | (104,853) | (70,739) | (65,507) | (73,666) | (65,465) | (47,731) | |
| Undiscounted net liabilities - accident years from 2015 to 2024 | **788** | **1,375** | **8,435** | **5,334** | **9,300** | **7,454** | **15,072** | **26,536** | **34,448** | **75,127** | **183,869** |
| Undiscounted net liabilities - accident years from 2014 and before | | | | | | | | | | | 8,703 |
| Effect of discounting | | | | | | | | | | | (21,483) |
| **Total net liabilities for incurred claims ("LIC")** | | | | | | | | | | | **171,089** |
| Liabilities for remaining coverage ("LRC") | | | | | | | | | | | 66,077 |
| **Total net liabilities included in the Statement of Financial Position** | | | | | | | | | | | **237,166** |

The purple-coloured numbers are undiscounted, but otherwise presented on an IFRS 17 basis. The blue-coloured numbers have not been restated under IFRS 17 and reflect the numbers as previously reported under IFRS 4. The primary difference between the IFRS 17 and IFRS 4 numbers presented here relates to the risk adjustment.

The net liabilities for incurred claims and net liabilities for remaining coverage per product is given below:

| | LIC | LRC | Total |
|---|---|---|---|
| Motor Vehicle | 138,763 | 55,547 | 194,310 |
| Motorcycle | 15,410 | 3,010 | 18,420 |
| Taxi | 16,916 | 7,520 | 24,436 |
| **Total** | **171,089** | **66,077** | **237,166** |

### 3.5. Insurance revenue and expenses - Segmental disclosure

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held is included in the tables below. Additional information on amounts recognised in Profit or Loss and OCI is included in the movements in insurance anc reinsurance contract balances in Note 3.2.

The Group provides short-term motor insurance to clients, which comprises three lines of business, Motor Vehicle insurance, Motorcycle insurance and Taxi insurance, which are written solely in the UK. The Group has no other lines of business, nor does it operate outside of the UK. Other income relates to auxiliary products and services, including brokerage and administration fees, all relating to the motor insurance business. The Group does not have a single client which accounts for more than 10% of revenue.

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Motor Vehicles** | **Motorcycle** | **Taxi** | **Total** | **Motor Vehicles** | **Motorcycle** | **Taxi** | **Total** |
| | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** |
| **Insurance revenue** | | | | | | | | |
| Insurance revenue from contracts measured under the PAA | **222,635** | **10,199** | **15,297** | **248,131** | 158,054 | 15,363 | 14,829 | 188,246 |
| **Total insurance revenue** | **222,635** | **10,199** | **15,297** | **248,131** | 158,054 | 15,363 | 14,829 | 188,246 |
| **Insurance service expense** | | | | | | | | |
| Incurred claims and other directly attributable expenses | **(117,752)** | **(6,873)** | **(18,150)** | **(142,775)** | (91,688) | (16,087) | (15,887) | (123,662) |
| Changes that relate to past service - changes in the FCF relating to the LIC | **1,769** | **188** | **4,323** | **6,280** | (861) | 1,796 | (2,713) | (1,778) |
| Amortisation of insurance acquisition cash flows | **(14,234)** | **(1,993)** | **(1,939)** | **(18,166)** | (10,206) | (1,953) | (1,898) | (14,057) |
| **Total insurance service expense** | **(130,217)** | **(8,678)** | **(15,766)** | **(154,661)** | (102,755) | (16,244) | (20,498) | (139,497) |
| **Net (expense)/income from reinsurance contracts held** | | | | | | | | |
| Reinsurance expenses - contracts measured under the PAA | **(30,119)** | **(1,405)** | **(2,093)** | **(33,617)** | (23,800) | (2,444) | (2,262) | (28,506) |
| Incurred claims recovery | **13,223** | **944** | **5,271** | **19,438** | 17,367 | 5,947 | 2,527 | 25,841 |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | **(3,803)** | **262** | **(2,871)** | **(6,412)** | 4,758 | (1,184) | 2,117 | 5,691 |
| **Total net (expense)/income from reinsurance contracts held** | **(20,699)** | **(199)** | **307** | **(20,591)** | (1,675) | 2,319 | 2,382 | 3,026 |
| **Total insurance service result** | **71,719** | **1,322** | **(162)** | **72,879** | 53,624 | 1,438 | (3,287) | 51,775 |

Other than reinsurance assets and insurance liabilities (see Note 3.1), the Group does not allocate, monitor or report assets and liabilities per business line and does not consider the information useful in the day-to-day running of the Group's operations. The Group also does not allocate, monitor, or report other income and expenses per business line.

### 3.6. Underwriting risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group issues only motor insurance contracts within the UK, which usually cover a 12-month duration. For these contracts, the most significant risks arise from severe weather conditions or single catastrophic events. For longer-tail claims that take some years to settle, there is also inflation risk.

The above risk exposure is mitigated by diversification across a large portfolio of policyholders and geographical areas within the UK The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across policyholders. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce th risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on a non-proportional basis This non-proportional reinsurance is excess-of-loss, designed to mitigate the Group's net exposure to single large claims or catastrophe losses. The current reinsurance programme has a retention limit of £1m, with no upper limit. Under this programme, the Group pays the first £1m of any claim and, from 1 July 2024, 40% of the next £1m (prior to 1 July 2024: 0%). Any amount above £2m, is covered in full by the panel of reinsurers. All retention levels are subject to monthly indexation subsequent to the accident date. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded reinsurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. There is no single counterparty exposure that exceeds 25% of total reinsurance assets at the reporting date.

***Key assumptions***

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming: economic conditions; and internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affec the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

***Sensitivities***

The motor claim liabilities are primarily sensitive to the reserving assumptions noted above. It has not been possible to quantify the sensitivity of individual, specific assumptions such as legislative changes.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit after tax and equity. The correlation of assumptions will have a significant effect in determinin the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. This sensitivity analysis reflects one-off impacts at the balance sheet date and should not be interpreted as a forecast.

| | **Increase/(decrease) in profit after tax and equity, gross of reinsurance** | | **Increase/(decrease) in profit after tax and equity, net of reinsurance** | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **£'k** | **£'k** | **£'k** | **£'k** |
| **Liability for incurred claims (1) (2)** | | | | |
| Impact of 5% increase in insurance contract liabilities | **(13,921)** | (13,101) | **(7,902)** | (7,013) |
| Impact of an increase in ultimate loss ratio of 5ppts | **(22,033)** | (19,563) | **(13,256)** | (11,458) |
| **Discount rates** | | | | |
| Impact of 1% increase in the discount rates used in calculating present value of future expected cash outflows | **6,282** | 6,108 | **2,267** | 2,244 |
| Impact of 1% decrease in the discount rates used in calculating present value of future expected cash outflows | **(7,379)** | (7,427) | **(2,604)** | (2,730) |
| **Risk adjustment for non-financial risk** | | | | |
| Impact of moving the confidence interval of the booked risk adjustment up by 5ppts | **(10,103)** | (9,729) | **(2,495)** | (2,180) |
| Impact of moving the confidence interval of the booked risk adjustment down by 5ppts | **8,224** | 7,740 | **2,121** | 1,853 |

(1) The impact of decreases will have a similar but opposite impact.
(2) A substantial increase in individually large claims which are over our reinsurance retention limit, generally will have no impact on profit after tax.

***Climate change***

Management has assessed the short, medium and long-term risks that result from climate change. The short-term risk is low. Given the geographical diversity of the Group's policyholders within the UK and the Group's reinsurance programme, it is highly unlikely that a climate event will materially impact the Group's financial position, including its assessment of the liability for incurred claims. More likely is that the costs associated with the transition to a low-carbon economy will impact the Group's indemnity spend in the medium term, as electronic vehicles are currently relatively expensive to fix. This is somewhat, or perhaps completely, offset by advances in technology reducing the frequency of claims, in particular bodily injury claims which are generally far more expensive than damage to vehicles. These changes in the costs of claims are gradual and, as such, reflected in the Group's claims experience and fed into the pricing of policies. However, if the propensity to travel by car decreases overall this could impact the Group's income in the long term.

**3.7. Insurance-related credit risk**

Key insurance-related areas where the Group is exposed to credit default risk are:

- Reinsurers default on their share of the Group's insurance liabilities
- Default on amounts due from insurance contract intermediaries or policyholders

Sabre uses a large panel of secure reinsurance companies. The credit risk of reinsurers included in the reinsurance programme is considered annually by reviewing their credit worthiness. Sabre's largest reinsurance counterparty is Munich Re. The credit risk exposure is further monitored throughout the year to ensure that changes in credit risk positions are adequately addressed.

- The following tables demonstrate the Group's exposure to credit risk in respect of overdue insurance debt and counterparty creditworthiness.

***Overdue insurance-related debt***

| | Neither | Carrying value in |
|---|---|---|

| At 31 December 2024 | past due nor impaired £'k | Past due 1-90 days £'k | Past due more than 90 days £'k | Assets that have been impaired £'k | the balance sheet £'k |
|---|---|---|---|---|---|
| Reinsurance contracts assets (1) | **202,231** | **-** | **-** | **-** | **202,231** |
| Insurance receivables (2) | **41,755** | **22** | **-** | **-** | **41,777** |
| **Total** | **243,986** | **22** | **-** | **-** | **244,008** |

| At 31 December 2023 | Neither past due nor impaired £'k | Past due 1-90 days £'k | Past due more than 90 days £'k | Assets that have been impaired £'k | Carrying value in the balance sheet £'k |
|---|---|---|---|---|---|
| Reinsurance contracts assets (1) | 197,591 | - | - | - | 197,591 |
| Insurance receivables (2) | 54,650 | 62 | - | - | 54,712 |
| **Total** | 252,241 | 62 | - | - | 252,303 |

(1) Undiscounted
(2) Included within 'Insurance contract liabilities'

***Exposure by credit rating***

| At 31 December 2024 | AAA £'k | AA+ to AA- £'k | A+ to A- £'k | BBB+ to BBB- £'k | BB+ and below £'k | Not rated £'k | Total £'k |
|---|---|---|---|---|---|---|---|
| Reinsurance contracts assets (1) | **-** | **102,138** | **100,093** | **-** | **-** | **-** | **202,231** |
| Insurance receivables (2) | **-** | **-** | **-** | **-** | **-** | **41,777** | **41,777** |
| **Total** | **-** | **102,138** | **100,093** | **-** | **-** | **41,777** | **244,008** |

| At 31 December 2023 | AAA £'k | AA+ to AA- £'k | A+ to A- £'k | BBB+ to BBB- £'k | BB+ and below £'k | Not rated £'k | Total £'k |
|---|---|---|---|---|---|---|---|
| Reinsurance contracts assets (1) | - | 128,942 | 68,649 | - | - | - | 197,591 |
| Insurance receivables (2) | - | - | - | - | - | 54,712 | 54,712 |
| **Total** | - | 128,942 | 68,649 | - | - | 54,712 | 252,303 |

(1) Undiscounted
(2) Included within 'Insurance contract liabilities'

**3.8. Net financial result**

| | | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|---|
| | Notes | Insurance related £'k | Non-insurance related £'k | Total £'k | Insurance related £'k | Non-insurance related £'k | Total £'k |
| **Investment income** | | | | | | | |
| Interest income on financial assets using effective interest rate method | 4.5 | **7,501** | **425** | **7,926** | 3,506 | 269 | 3,775 |
| Amounts recognised in OCI | 4.6 | **3,774** | **-** | **3,774** | 9,284 | - | 9,284 |
| **Total investment income** | | **11,275** | **425** | **11,700** | 12,790 | 269 | 13,059 |
| **Insurance finance expenses from insurance contracts issued** | | | | | | | |
| Interest accreted | | **(8,392)** | **-** | **(8,392)** | (10,170) | - | (10,170) |
| Effect of changes in interest rates and other financial assumptions | | **6,852** | **-** | **6,852** | (12,436) | - | (12,436) |
| | | **(1,540)** | **-** | **(1,540)** | (22,606) | - | (22,606) |
| **Reinsurance finance income from reinsurance contracts held** | | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Interest accreted | **3,714** | **-** | **3,714** | 3,588 | - | 3,588 |
| Effect of changes in interest rates and other financial assumptions | **(5,880)** | **-** | **(5,880)** | 5,432 | - | 5,432 |
| | **(2,166)** | **-** | **(2,166)** | 9,020 | - | 9,020 |
| **Net insurance finance expense** | **(3,706)** | **-** | **(3,706)** | (13,586) | - | (13,586) |
| **Net financial results** | **7,569** | **425** | **7,994** | (796) | 269 | (527) |
| *Represented by:* | | | | | | |
| Amounts recognised in Profit or Loss | **2,823** | **425** | **3,248** | (3,076) | 269 | (2,807) |
| Amounts recognised in OCI | **4,746** | **-** | **4,746** | 2,280 | - | 2,280 |
| **Total** | **7,569** | **425** | **7,994** | (796) | 269 | (527) |

### 3.9. Opening balance restatement - Insurance Finance Reserve

As a result of refinements made to the IFRS 17 discounting model, an amount of £2.6m has been reclassified between 2023's opening Retained Earnings and opening Insurance/Reinsurance Finance Reserve. This restatement has no impact on the total equit or regulatory capital of the Group, and has no impact on the Consolidated Profit or Loss or Consolidated Statement of Comprehensive Income for any of the previous periods.

## 4. FINANCIAL ASSETS

### RISK MANAGEMENT

Refer to the following notes for detail on risks relating to financial assets:

Investment concentration risk - Note 4.2.1

Interest rate risk - Note 4.2.2

Credit risk - Note 4.4

Liquidity risk - Note 6

The Group's financial assets are summarised below:

| | | 2024 | 2023 |
|---|---|---|---|
| | **Notes** | **£'k** | **£'k** |
| Cash and cash equivalents | 4.1 | **31,314** | 35,079 |
| Debt securities held at fair value through other comprehensive income | 4.2 | **311,184** | 264,679 |
| Receivables | 4.3 | **32** | 87 |
| **Total** | | **342,530** | 299,845 |

### 4.1. Cash and cash equivalents

#### ACCOUNTING POLICY - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held on call with banks and money market funds. Cash and cash equivalents are carried at amortised cost.

| | 2024 | 2023 |
|---|---|---|
| | **£'k** | **£'k** |
| Cash at bank and on hand | **18,174** | 12,890 |
| Money market funds | **13,140** | 22,189 |
| **Total** | **31,314** | 35,079 |

Cash held in money market funds has no notice period for withdrawal.

The carrying value of cash and cash equivalents approximates fair value. The full value is expected to be realised within 12 months.

### 4.2. Debt securities held at fair value through other comprehensive income

#### ACCOUNTING POLICY - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE

**Classification**

The Group classifies the following financial assets at fair value through Other Comprehensive Income ("FVOCI"):

– Debt securities

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at fair value through the Profit or Loss Account ("FVTPL"):

– The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

– The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") or the principal amount outstanding on specified dates

**Recognition and measurement**

At initial recognition, the Group measures debt securities through other comprehensive income at fair value, plus the transaction costs that are directly attributable to the acquisition of the financial asset. Debt securities at FVOCI are subsequently measured at fair value.

**Impairment**

At each reporting date, the Group assesses debt securities at FVOCI for impairment. Under IFRS 9, a 'three-stage' model for calculating the expected credit losses ("ECL") is used, and is based on changes in credit quality since initial recognition. Refer to Note 4.4.

The Group's debt securities held at fair value through other comprehensive income are summarised below:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | £'k | % holdings | £'k | % holdings |
| Government bonds | **112,793** | **36.2%** | 107,040 | 40.4% |
| Government-backed securities | **103,267** | **33.2%** | 81,942 | 31.0% |
| Corporate bonds | **95,124** | **30.6%** | 75,697 | 28.6% |
| **Total** | **311,184** | **100.0%** | 264,679 | 100.0% |

***4.2.1. Investment concentration risk***

Excessive exposure to particular industry sectors or groups can give rise to concentration risk. The Group has no significant investment concentration in any particular industrial sector and therefore is unlikely to suffer significant losses through its investment portfolio as a result of over-exposure to sectors engaged in similar activities or which have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

A significant part of the Group's investment portfolio consists primarily of UK government bonds and government-backed bonds; therefore, the risk of government default does exist, however the likelihood is extremely remote. The remainder of the portfolio consists of investment grade corporate bonds. The Group continues to monitor the strength and security of all bonds. The Group does not have direct exposure to Ukrainian and Russian assets.

The Group's exposure by geographical area is outlined below:

| At 31 December 2024 | Government bonds £'k | Government-backed securities £'k | Corporate bonds £'k | Total £'k | % holdings |
|---|---|---|---|---|---|
| United Kingdom | **112,793** | **3,038** | **31,187** | **147,018** | **47.2%** |
| Europe | **-** | **59,277** | **37,002** | **96,279** | **30.9%** |
| Northern America | **-** | **25,761** | **19,863** | **45,624** | **14.7%** |
| Oceania | **-** | **-** | **4,973** | **4,973** | **1.6%** |
| Asia | **-** | **15,191** | **2,099** | **17,290** | **5.6%** |
| **Total** | **112,793** | **103,267** | **95,124** | **311,184** | **100.0%** |

| At 31 December 2023 | Government bonds £'k | Government-backed securities £'k | Corporate bonds £'k | Total £'k | % holdings |
|---|---|---|---|---|---|
| United Kingdom | 107,040 | - | 32,364 | 139,404 | 52.7% |
| Europe | - | 50,982 | 28,736 | 79,718 | 30.1% |
| Northern America | - | 28,284 | 12,643 | 40,927 | 15.5% |
| Oceania | - | - | 1,954 | 1,954 | 0.7% |
| Asia | - | 2,676 | - | 2,676 | 1.0% |
| **Total** | 107,040 | 81,942 | 75,697 | 264,679 | 100.0% |

The Group's exposure by investment type for government-backed securities and corporate bonds is outlined below:

| At 31 December 2024 | Agency £'k | Supranational £'k | Total £'k |
|---|---|---|---|
| Government-backed securities | **43,921** | **59,346** | **103,267** |
| % of holdings | **42.5%** | **57.5%** | **100.0%** |

| At 31 December 2024 | Financial £'k | Industrial £'k | Utilities £'k | Total £'k |
|---|---|---|---|---|
| Corporate bonds | **51,698** | **38,873** | **4,553** | **95,124** |
| % of holdings | **54.3%** | **40.9%** | **4.8%** | **100.0%** |

| At 31 December 2023 | Agency £'k | Supranational £'k | Total £'k |
|---|---|---|---|
| Government-backed securities | 40,310 | 41,632 | 81,942 |
| % of holdings | 49.2% | 50.8% | 100.0% |

| At 31 December 2023 | Financial £'k | Industrial £'k | Utilities £'k | Total £'k |
|---|---|---|---|---|
| Corporate bonds | 40,973 | 31,117 | 3,607 | 75,697 |
| % of holdings | 54.1% | 41.1% | 4.8% | 100.0% |

***4.2.2. Interest rate risk***

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The Group has a concentration of interest rate risk in UK government bonds and other fixed-income securities.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimat impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

The impact of any movement in market values, such as those caused by changes in interest rates, is taken through other comprehensive income and has no impact on profit after tax.

| | Decrease in profit after tax | | Decrease in total equity | |
|---|---|---|---|---|
| **At 31 December** | **2024 £'k** | **2023 £'k** | **2024 £'k** | **2023 £'k** |
| Interest rate | | | | |
| Impact of a 100-basis point increase in interest rates on debt securities at FVOCI | **-** | - | **(3,250)** | **(2,758)** |
| Impact of a 200-basis point increase in interest rates on debt securities at FVOCI | **-** | - | **(6,499)** | **(5,516)** |

***4.2.3. Fair value***

**ACCOUNTING POLICY**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Group has access at that date

The Group measures the fair value of an instrument using the quoted bid price in an active market for that instrument. A market is regarded as active if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date.
A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used fo financial assets held by the Group is the closing bid price.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable marke information.

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

Level 1: fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on reportin date

Level 2: fair value is determined through inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (prices) or indirectly (derived from prices)

Level 3: fair value is determined through valuation techniques which use significant unobservable inputs

***Level 1***

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date.
A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used fo financial assets held by the Group is the closing bid price. These instruments are included in Level 1 and comprise only debt securities classified as fair value through other comprehensive income.

***Level 2***

*Level 2*
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant input required to fair value an instrument is observable, the instrument is included in Level 2. The Group has no Level 2 financial instruments.

***Level 3***
If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. The Group ha no Level 3 financial instruments.

The following table summarises the classification of financial instruments:

| **At 31 December 2024** | **Level 1 £'k** | **Level 2 £'k** | **Level 3 £'k** | **Total £'k** |
|---|---|---|---|---|
| Assets held at fair value | | | | |
| Debt securities held at FVOCI | **311,184** | **-** | **-** | **311,184** |
| **Total** | **311,184** | **-** | **-** | **311,184** |

| **At 31 December 2023** | **Level 1 £'k** | **Level 2 £'k** | **Level 3 £'k** | **Total £'k** |
|---|---|---|---|---|
| Assets held at fair value | | | | |
| Debt securities held at FVOCI | 264,679 | - | - | 264,679 |
| **Total** | 264,679 | - | - | 264,679 |

***Transfers between levels***
There have been no transfers between levels during the year (2023: no transfers).

### 4.3. Receivables

**ACCOUNTING POLICY**

**Classification**

The Group classifies its receivables as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows
- The contractual terms give rise to cash flows that are solely payments of principle and interest

**Recognition and measurement**

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

**Impairment**

The Group measures loss allowances at an amount equal to lifetime ECL. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due to create the categories namely, performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before year end. The loss rates are adjusted to reflect current and forward-looking information on macro-economic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days c more past due are considered to be 'not performing' and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

**Performing**

Customers have a low risk of default and a strong capacity to meet contractual cash flows.

**Underperforming**

Receivables for which there is a significant increase in credit risk. A significant increase in credit risk is presumed if interest and/or principal repayments are past due.

**Not performing**

Interest and/or principal repayments are 30 days past due.

The Group's receivables comprise:

| | **Notes** | **2024 £'k** | **2023 £'k** |
|---|---|---|---|
| Other debtors | | **32** | 87 |
| **Total** | | **32** | 87 |

The estimated fair values of receivables are the discounted amounts of the estimated future cash flows expected to be received.

The carrying value of receivables approximates fair value. The provision for expected credit losses is based on the recoverability of the individual receivables.

The Group calculated ECL on receivables and has concluded that it is wholly immaterial and such further disclosure has not been included.

### 4.4. Credit risk

**ACCOUNTING POLICY**

**Impairment of financial assets**

At each reporting date, the Group assesses financial assets measured at amortised cost and debt securities at FVOCI for impairment. Under IFRS 9 a 'three-stage' model for calculating expected credit losses ("ECL") is used, and is based on changes in credit quality since initial recognition as summarised below:

**Performing financial assets**

Stage 1: From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date ("12-month ECL").

Stage 2: Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowanc is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ("Lifetime ECL"). The assessment of whether there has been a significant increase in credit risk, such as an actual or significant change in instruments' external credit rating; significant widening of credit spread; changes in rates or terms of instrument; existing or forecast adverse change in business, financial or economic conditions that are expected to cause a significant change in the counterparty's ability to meet its debt obligations; requires considerable judgement, based on the lifetime probability of default ("PD"). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated usin the PD over the remaining lifetime of the asset.

**Impaired financial assets**

Stage 3: When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses; however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

**Application of the impairment model**

The Group applies IFRS 9's ECL model to two main types of financial assets that are measured at amortised cost or FVOCI:

Other receivables, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a lifetime ECL allowance on day one.

Debt securities, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initiall and the balance is monitored for significant increases in credit risk which triggers the recognition of a lifetime ECL allowance.

ECLs are a probability-weighted estimate of credit losses. The probability is determined by the estimated risk of default which is applied to the cash flow estimates. On a significant increase in credit risk, from investment grade to non-investment grade, allowances are recognised without a change in the expected cash flows (although typically expected cash flows do also change) an expected credit losses are rebased from 12-month to lifetime expectations.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions.

**Presentation of impairment**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in the Profit or Loss Account and accounted for as a transfer from OCI to Profit or Loss, instead of reducing the carrying amount of the asset.

**Write-offs**

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Group concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

***Exposure by credit rating***

| At 31 December 2024 | AAA £'k | AA+ to AA- £'k | A+ to A- £'k | BBB+ to BBB- £'k | BB+ and below £'k | Not rated £'k | Total £'k |
|---|---|---|---|---|---|---|---|
| UK government bonds | **-** | **112,793** | **-** | **-** | **-** | **-** | **112,793** |
| Government-backed securities | **98,963** | **4,304** | **-** | **-** | **-** | **-** | **103,267** |
| Corporate bonds | **1,127** | **20,050** | **57,270** | **16,677** | **-** | **-** | **95,124** |
| Receivables | **-** | **-** | **-** | **-** | **-** | **32** | **32** |
| Cash and cash equivalents | **13,140** | **51** | **18,123** | **-** | **-** | **-** | **31,314** |
| **Total** | **113,230** | **137,198** | **75,393** | **16,677** | **-** | **32** | **342,530** |

| At 31 December 2023 | AAA £'k | AA+ to AA- £'k | A+ to A- £'k | BBB+ to BBB- £'k | BB+ and below £'k | Not rated £'k | Total £'k |
|---|---|---|---|---|---|---|---|
| UK government bonds | - | 107,040 | - | - | - | - | 107,040 |
| Government-backed securities | 81,942 | - | - | - | - | - | 81,942 |
| Corporate bonds | - | 4,153 | 51,020 | 20,524 | - | - | 75,697 |
| Receivables | - | - | - | - | - | 87 | 87 |
| Cash and cash equivalents | 22,189 | 51 | 12,839 | - | - | - | 35,079 |
| **Total** | 104,131 | 111,244 | 63,859 | 20,524 | - | 87 | 299,845 |

With the exception of receivables, all the Group's financial assets are investment grade (AAA to BBB).

***Analysis of credit risk and allowance for ECL***

The following table provides an overview of the allowance for ECL provided for on the types of financial assets held by the Group

The following table provides an overview of the allowance for ECL provided for on the types of financial assets held by the Group where credit risk is prevalent.

| At 31 December 2024 | Gross carrying amount £'k | Allowance for ECL £'k | Net amount £'k |
|---|---|---|---|
| Government bonds | **112,793** | **(3)** | **112,790** |
| Government-backed securities | **103,267** | **(4)** | **103,263** |
| Corporate bonds | **95,124** | **(35)** | **95,089** |
| Receivables | **32** | **-** | **32** |
| Cash and cash equivalents | **31,314** | **-** | **31,314** |
| **Total** | **342,530** | **(42)** | **342,488** |

| At 31 December 2023 | Gross carrying amount £'k | Allowance for ECL £'k | Net amount £'k |
|---|---|---|---|
| Government bonds | 107,040 | (3) | 107,037 |
| Government-backed securities | 81,942 | (4) | 81,938 |
| Corporate bonds | 75,697 | (30) | 75,667 |
| Receivables | 87 | - | 87 |
| Cash and cash equivalents | 35,079 | - | 35,079 |
| **Total** | 299,845 | (37) | 299,808 |

### 4.5. Investment income

**ACCOUNTING POLICY**

Investment income from debt instruments classified as FVOCI are measured using the effective interest rate which allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

| | 2024 £'k | 2023 £'k |
|---|---|---|
| Interest income on financial assets using effective interest rate method | | |
| Interest income from debt securities | **6,458** | 3,131 |
| Interest income from cash and cash equivalents | **1,468** | 644 |
| **Total** | **7,926** | 3,775 |

### 4.6. Net gains/(losses) from fair value adjustments on financial assets

**ACCOUNTING POLICY**

Movements in the fair value of debt instruments classified as FVOCI are taken through OCI. When the instruments are derecognised the cumulative gain or losses previously recognised in OCI is reclassified to Profit or Loss.

| | 2024 £'k | 2023 £'k |
|---|---|---|
| **Other comprehensive income** | | |
| Unrealised fair value gains on debt securities | **3,769** | 9,278 |
| Expected credit loss | **5** | 6 |
| **Unrealised fair value gains on debt securities through Other Comprehensive Income** | **3,774** | 9,284 |
| | | |
| **Net gains from fair value adjustments on financial assets** | **3,774** | 9,284 |

## 5. PAYABLES

### ACCOUNTING POLICY

Payables are recognised when the Group has a contractual obligation to deliver cash or another financial asset to another entity, or contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. Payables are carried at amortised cost.

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| Trade and other creditors | 951 | 2,149 |
| Other taxes | 6,044 | 7,551 |
| **Total** | 6,995 | 9,700 |

## 6. LIQUIDITY RISK

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch or inability to raise sufficient liquid assets without suffering a substantial loss on realisation. The Group manages its liquidity risk through both ensuring that it holds sufficient cash and cash equivalent assets to meet all short-term liabilities and matching, as far as possible, the maturity profile of its financial investments to the expected cash outflows.

The following table analyses the carrying value of cash and cash equivalents and financial assets, by contractual maturity, which ca fund the repayment of liabilities as they crystallise. It also analyses the undiscounted cash flows of reinsurance contract assets held, based on the future expected cash flows to be received in the periods presented.

| At 31 December 2024 | Up to 1 year<br>£'k | 1 - 2 years<br>£'k | 2 - 3 years<br>£'k | 3 - 4 years<br>£'k | 4 - 5 years<br>£'k | Over 5 years<br>£'k | Total<br>£'k |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents (1) | 31,314 | - | - | - | - | - | 31,314 |
| UK government bonds | 11,810 | 32,790 | 19,855 | 30,628 | 17,710 | - | 112,793 |
| Government-backed securities | 39,740 | 38,861 | 7,929 | 6,034 | 10,703 | - | 103,267 |
| Corporate bonds | 37,546 | 20,366 | 11,347 | 19,091 | 6,230 | 544 | 95,124 |
| Receivables | 32 | - | - | - | - | - | 32 |
| Reinsurance contract assets | 56,652 | 31,084 | 18,558 | 19,662 | 15,631 | 60,644 | 202,231 |
| **Total** | 177,094 | 123,101 | 57,689 | 75,415 | 50,274 | 61,188 | 544,761 |

| At 31 December 2023 | Up to 1 year<br>£'k | 1 - 2 years<br>£'k | 2 - 3 years<br>£'k | 3 - 4 years<br>£'k | 4 - 5 years<br>£'k | Over 5 years<br>£'k | Total<br>£'k |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents (1) | 35,079 | - | - | - | - | - | 35,079 |
| UK government bonds | 22,008 | 8,513 | 32,136 | 13,374 | 31,009 | - | 107,040 |
| Government-backed securities | 57,722 | 13,914 | 3,327 | 5,601 | 1,378 | - | 81,942 |
| Corporate bonds | 8,987 | 37,000 | 12,953 | 10,216 | 6,541 | - | 75,697 |
| Receivables | 87 | - | - | - | - | - | 87 |
| Reinsurance contract assets | 68,215 | 30,182 | 23,361 | 14,267 | 12,142 | 49,425 | 197,592 |
| **Total** | 192,098 | 89,609 | 71,777 | 43,458 | 51,070 | 49,425 | 497,437 |

(1) Includes money market funds with no notice period for withdrawal

The following table analyses the undiscounted cash flows of insurance liabilities based on the future cash flows expected to be paid out in the periods presented, and payables by maturity dates.

| At 31 December 2024 | Up to 1 year<br>£'k | 1 - 2 years<br>£'k | 2 - 3 years<br>£'k | 3 - 4 years<br>£'k | 4 - 5 years<br>£'k | Over 5 years<br>£'k | Total<br>£'k |
|---|---|---|---|---|---|---|---|
| Payables | 6,995 | - | - | - | - | - | 6,995 |
| Insurance contract liabilities (2) | 88,992 | 74,407 | 42,761 | 34,427 | 25,261 | 77,787 | 343,635 |
| **Total** | 95,987 | 74,407 | 42,761 | 34,427 | 25,261 | 77,787 | 350,630 |

**Up to 1** **Over 5**

| | year | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | years | Total |
|---|---|---|---|---|---|---|---|
| **At 31 December 2023** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** | **£'k** |
| Payables | 9,700 | - | - | - | - | - | 9,700 |
| Insurance contract liabilities (2) | 83,152 | 65,618 | 45,253 | 26,746 | 19,598 | 60,226 | 300,593 |
| Total | 92,852 | 65,618 | 45,253 | 26,746 | 19,598 | 60,226 | 310,293 |

(2) Excludes the liability for remaining coverage (unearned premium element) and effect of discounting

Management has considered the liquidity and cash generation of the Group and is satisfied that the Group will be able to meet all liabilities as they fall due.

## 7. OTHER INCOME

### ACCOUNTING POLICY

Other income consists of brokerage fees resulting from the sale of ancillary products connected to the Group's direct business, and other non-insurance income such as administrative fees charged on direct business. Such income is recognised once the related service has been performed. Typically, this will be at the point of sale of the product.

| | 2024 | 2023 |
|---|---|---|
| | £'k | £'k |
| Administration fees | **182** | 495 |
| Brokerage and other fee income | **558** | 737 |
| **Total** | **740** | 1,232 |

Brokerage and other fee income relates to auxiliary products and services, including brokerage and administration fees, all relating t the Motor Vehicle product.

## 8. OTHER OPERATING EXPENSES

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | **Notes** | **£'k** | **£'k** |
| Employee expenses | 8.1 | **15,426** | 13,869 |
| Property expenses | | **500** | 689 |
| IT expense, including IT depreciation | | **6,756** | 5,961 |
| Other depreciation | | **113** | 59 |
| Industry levies | | **5,994** | 5,936 |
| Policy servicing costs | | **3,153** | 2,491 |
| Other operating expenses | | **3,399** | 3,328 |
| Movement in expected credit loss on debt securities | | **5** | 6 |
| Impairment loss on owner occupied properties | | **-** | 333 |
| Before adjustment for directly attributable claims expenses | | **35,346** | 32,672 |
| Adjusted for: | | | |
| Reclassification of directly attributable claims expenses | | **(7,041)** | (6,085) |
| Total operating expenses | | **28,305** | 26,587 |

### 8.1. Employee expenses

### ACCOUNTING POLICY

**A. Pensions**

For staff who were employees on 8 February 2002, the Group operates a non-contributory defined contribution Group personal pension scheme. The contribution by the Group depends on the age of the employee.

For employees joining since 8 February 2002, the Group operates a matched contribution Group personal pension scheme where the Group contributes an amount matching the contribution made by the staff member.

Contributions to defined contribution schemes are recognised in the Profit or Loss Account in the period in which they become payable.

**B. Share-based payments**

The fair value of equity instruments granted under share based payment plans are recognised as an expense and spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date, excluding the impact of any non market vesting conditions. Depending on the plan, the fair value of equity instrument granted is measured on grant date using an appropriate valuation model or the market price on grant date. At the date of each Statement of Financial Position, the Group revises its estimate of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Profit or Loss Account, and a corresponding adjustment is made to equity over the remaining vesting period. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period.

**C. Leave pay**

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the Statement of Financial Position date.

The aggregate remuneration of those employed by the Group's operations comprised:

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| Wages and salaries | **11,332** | 10,079 |
| Social security expenses | **1,464** | 1,276 |
| Contributions to defined contribution plans | **598** | 557 |
| Equity-settled share-based payment | **1,607** | 1,606 |
| Other employee expenses | **425** | 351 |
| **Before adjustment for directly attributable claims expenses** | **15,426** | 13,869 |
| Adjusted for: | | |
| Reclassification of directly attributable claims expenses | **(4,799)** | (4,146) |
| **Employee expenses** | **10,627** | 9,723 |

**8.2. Number of employees**

The table below analyses the average monthly number of persons employed by the Group's operations.

| | 2024 | 2023 |
|---|---|---|
| Operations | **134** | 129 |
| Support | **31** | 28 |
| **Total** | **165** | 157 |

**8.3. Directors' remuneration**

Amounts paid to Directors are disclosed within the Annual Report on Directors' Remuneration on pages 105 to 117.

**8.4. Auditor's remuneration**

The table below analyses the Auditor's remuneration in respect of the Group's operations.

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| Audit of these financial statements | **205** | 195 |
| Audit of financial statements of subsidiaries of the Group | **253** | 251 |
| Audit fees in relation to IFRS 17 transition | **-** | 190 |
| **Total audit fees** | **458** | 636 |
| Fees for non-audit services - Audit-related assurance services | **89** | 105 |
| **Fees for non-audit services - Other non-audit services** | **-** | - |
| **Total non-audit fees** | **89** | 105 |
| **Total auditor remuneration** | **547** | 741 |

The above fees exclude irrecoverable VAT of 20%.

**9. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of owned and leased assets that do not meet the definition of investment property.

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| Owner-occupied property | **3,600** | 3,600 |
| Office equipment | **539** | 652 |
| IT equipment | **65** | 136 |
| **Total** | **4,204** | 4,388 |

**ACCOUNTING POLICY**

**A. Owner-occupied property**

Owner-occupied properties are held by the Group for use in the supply of services or, for its own administration purposes.

Owner-occupied property is held at fair value. Increases in the carrying amount of owner-occupied properties as a result of revaluations are credited to other comprehensive income and accumulated in a revaluation reserve in equity. To the extent that a revaluation increase reverses a revaluation decrease that was previously recognised as an expense in Profit or Loss, such increase is credited to income in Profit or Loss. Decreases in valuation are charged to Profit or Loss, except to the extent that a decrease reverses the existing accumulated revaluation reserve and therefore such a decrease is recognised in other comprehensive income.

A fair value assessment of the owner-occupied property is undertaken at each reporting date with any material changes in fair value

A fair value assessment of the owner-occupied property is undertaken at each reporting date with any material changes in fair value recognised. Valuation is at highest and best use. Owner-occupied property is also revalued by an external qualified surveyor, at leas every three years. UK properties do not have frequent and volatile fair value changes and, as such, more frequent revaluations are considered unnecessary, as only insignificant changes in fair value is expected.

Owner-occupied land is not depreciated. As the depreciation of owner-occupied buildings is immaterial and properties are revalued every three years by an external qualified surveyor, no depreciation is charged on owner-occupied buildings.

**B. Office and IT equipment**

Office and IT equipment are stated at historical cost less accumulated depreciation and impairment charges. Historical cost include expenditure that is directly attributable to the acquisition of property and equipment.

Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the Profit or Loss Account over the estimated useful life of each significant part of an item of fixtures, fittings and IT equipment, using the straight-line basis.

Estimate useful lives are as follows:

| | |
|---|---|
| Office equipment | 3 to 10 years |
| IT equipment | 3 to 5 years |

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted if appropriate. A asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in Profit or Loss before tax.

Repairs and maintenance costs are charged to the Profit or Loss Account during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits from the renovations will flow to the Group.

| | **Owner-occupied** | **Office equipment** | **IT equipment** | **Total** |
|---|---|---|---|---|
| | **£'k** | **£'k** | **£'k** | **£'k** |
| **Cost/Valuation** | | | | |
| At 1 January 2024 | **4,358** | **720** | **487** | **5,565** |
| Additions/Improvements | **-** | **-** | **-** | **-** |
| Disposals | **-** | **-** | **-** | **-** |
| Revaluation | **-** | **-** | **-** | **-** |
| **At 31 December 2024** | **4,358** | **720** | **487** | **5,565** |
| **Accumulated depreciation and impairment** | | | | |
| At 1 January 2024 | **758** | **68** | **351** | **1,177** |
| Depreciation charge for the year | **-** | **113** | **71** | **184** |
| Disposals | **-** | **-** | **-** | **-** |
| Impairment losses on revaluation | **-** | **-** | **-** | **-** |
| **At 31 December 2024** | **758** | **181** | **422** | **1,361** |
| **Carrying amount** | | | | |
| **At 31 December 2024** | **3,600** | **539** | **65** | **4,204** |

| | **Owner- occupied** | **Office equipment** | **IT equipment** | **Total** |
|---|---|---|---|---|
| | **£'k** | **£'k** | **£'k** | **£'k** |
| **Cost/Valuation** | | | | |
| At 1 January 2023 | 4,250 | 41 | 409 | 4,700 |
| Additions/Improvements | 908 | 679 | 78 | 1,665 |
| Disposals | - | - | - | - |
| Revaluation | (800) | - | - | (800) |
| **At 31 December 2023** | 4,358 | 720 | 487 | 5,565 |
| **Accumulated depreciation and impairment** | | | | |
| At 1 January 2023 | 425 | 9 | 270 | 704 |
| Depreciation charge for the year | - | 59 | 81 | 140 |
| Disposals | - | - | - | - |
| Impairment losses on revaluation | 333 | - | - | 333 |
| **At 31 December 2023** | 758 | 68 | 351 | 1,177 |

| | | | | |
|---|---|---|---|---|
| **At 31 December 2023** | 758 | 68 | 351 | 1,177 |
| **Carrying amount** | | | | |
| **At 31 December 2023** | 3,600 | 652 | 136 | 4,388 |

All items disposed where either donated to charity or recycled at £NIL.

The Group holds two owner-occupied properties, Sabre House and The Old House, which are both managed by the Group. In accordance with the Group's accounting policies, owner-occupied buildings are not depreciated. The properties are measured at fair value which is arrived at on the basis of a valuation carried out on 16 October 2023 by Hurst Warne and Partners LLP. The valuation was carried out on an open-market basis in accordance with the Royal Institution of Chartered Surveyors' requirements, which is deemed to equate to fair value. While transaction evidence underpins the valuation process, the definition of market value, including the commentary, in practice requires the valuer to reflect the realities of the current market. In this context valuers must use their market knowledge and professional judgement and not rely only upon historical market sentiment based on historical transactional comparables.

The fair value of the owner-occupied properties was derived using the investment method supported by comparable evidence. The significant non-observable inputs used in the valuations are the expected rental values per square foot and the capitalisation rates. The fair value of the owner-occupied properties valuation would increase (decrease) if the expected rental values per square foot were to be higher (lower) and the capitalisation rates were to be lower (higher).

The fair value measurement of owner-occupied properties of £3,600k (2023: £3,600k) has been categorised as a Level 3 fair value based on the non-observable inputs to the valuation technique used.

The following table shows reconciliation to the closing fair value for the Level 3 owner-occupied property at valuation:

| | 2024 | 2023 |
|---|---|---|
| | £'k | £'k |
| **At 1 January** | **3,600** | 3,825 |
| Additions/Improvements | **-** | 908 |
| Revaluation losses | **-** | (800) |
| Impairment losses | **-** | (333) |
| **At 31 December** | **3,600** | 3,600 |

The fair value of owner-occupied properties includes a revaluation reserve of £NIL (2023: £NIL) (excluding tax impact) and is not distributable.

Revaluation losses are charged against the related revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. Any additional losses are charged as an impairment loss in the Profit or Loss Account. Reversal of such impairment losses in future periods will be credited to the Profit or Loss Account to the extent losses were previously charged to the Profit or Loss Account.

The table below shows the impact a 15% decrease in property markets will have on the Group's profit after tax and equity:

| | Decrease in profit after tax | | Decrease In total equity | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | £'k | £'k | £'k | £'k |
| **Owner-occupied property** | | | | |
| Impact of a 15% decrease in property markets | (405) | (309) | (405) | (309) |

**Historical cost model values**

If owner-occupied properties were carried under the cost model (historical costs, less accumulated depreciation and impairment losses), the value of owner-occupied properties in the balance sheet would have been £3,229k (2023: £3,349k).

## 10. INCOME TAX EXPENSE

### ACCOUNTING POLICY

The income tax expense in the Profit or Loss Account is based on the taxable profits for the year. It is Group policy to relieve profits where possible by the surrender of losses from Group companies with payment for value.

| | 2024 | 2023 |
|---|---|---|
| | £'k | £'k |
| **Current taxation** | | |
| Charge for the year | **12,157** | 4,444 |
| Charge relating to prior periods | **570** | - |
| | **12,727** | 4,444 |
| | | |
| **Deferred taxation (Note 11)** | | |
| Origination and reversal of temporary differences | **(126)** | 1,104 |

| | | |
|---|---|---|
| Origination and reversal of temporary differences | (126) | 1,104 |
| | **(126)** | 1,104 |

| | | |
|---|---|---|
| Current taxation | **12,727** | 4,444 |
| Deferred taxation (Note 11) | **(126)** | 1,104 |
| **Income tax expense** | **12,601** | 5,548 |

Tax recorded in Other Comprehensive Income is as follows:

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| Current taxation | **-** | 31 |
| Deferred taxation | **549** | 599 |
| | **549** | 630 |

The actual income tax expense differs from the expected income tax expense computed by applying the standard rate of UK corporation tax of 25.0% (2023: 23.5%) as follows:

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| Profit before tax | 48,562 | 23,613 |
| Expected income tax expense | 12,141 | 5,548 |
| Effect of: | | |
| Expenses not deductible for tax purposes | (86) | 12 |
| Adjustment of deferred tax to average rate of 25% | - | (1) |
| Adjustment in respect of prior periods | 570 | - |
| Other income tax adjustments | (24) | (11) |
| **Income tax expense for the year** | 12,601 | 5,548 |

| | | |
|---|---|---|
| Effective income tax rate | 25.9% | 23.5% |

## 11. DEFERRED TAX

### ACCOUNTING POLICY

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

| | Provisions and other temporary differences<br>£'k | Depreciation in excess of capital allowances<br>£'k | Share-based payments<br>£'k | Fair value movements in debt securities at FVOCI<br>£'k | Movement in insurance finance reserve<br>£'k | Total<br>£'k |
|---|---|---|---|---|---|---|
| **At 1 January 2023** | - | (20) | 253 | 4,151 | (1,993) | 2,391 |
| (Debit)/Credit to the Profit or Loss | - | (160) | 215 | (6) | (1,153) | (1,104) |
| (Debit)/Credit to Other Comprehensive Income | - | - | - | (2,149) | 1,550 | (599) |
| **At 31 December 2023** | - | (180) | 468 | 1,996 | (1,596) | 688 |
| (Debit)/Credit to the Profit or Loss | **-** | **43** | **88** | **(5)** | **-** | **126** |
| (Debit)/Credit to Other Comprehensive Income | **-** | **-** | **-** | **(944)** | **395** | **(549)** |
| **At 31 December 2024** | **-** | **(137)** | **556** | **1,047** | **(1,201)** | **265** |

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|

| Per Statement of Financial Position: | | |
|---|---|---|
| Deferred tax assets | **1,603** | 2,464 |
| Deferred tax liabilities | **(1,338)** | (1,776) |
| | **265** | 688 |

## 12. DIVIDENDS

### ACCOUNTING POLICY

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in whicl the dividend is approved.

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | pence per share | £'k | pence per share | £'k |
| Amounts recognised as distributions to equity holders in the period | | | | |
| Interim dividend for the current year | **1.7** | **4,227** | 0.9 | 2,238 |
| Final dividend for the prior year | **8.1** | **20,122** | 1.7 | 4,228 |
| | **9.8** | **24,349** | 2.6 | 6,466 |

| | | | | |
|---|---|---|---|---|
| Proposed dividends | | | | |
| Final dividend (1) | **11.3** | **28,250** | 8.1 | 20,250 |

(1) Subsequent to 31 December 2024, the Directors declared a final dividend for 2024 of 11.3p per ordinary share subject to approval at Annual General Meeting. This dividend will be accounted for as an appropriation of retained earnings in the year ende 31 December 2024 and is not included as a liability in the Statement of Financial Position as at 31 December 2024.

The trustees of the employee share trusts waived their entitlement to dividends on shares held in the trusts to meet obligations arising on share incentive schemes, which reduced the dividends paid for the year ended 31 December 2024 by £151k (2023: £34k).

## 13. OTHER ASSETS

| | 2024 | 2023 |
|---|---|---|
| | £'k | £'k |
| Prepayments and accrued income | 778 | 774 |
| **Total** | 778 | 774 |

The carrying value of other assets approximates to fair value. There are no amounts expected to be recovered more than 12 months after the reporting date.

## 14. GOODWILL

### ACCOUNTING POLICY

Goodwill has been recognised in acquisitions of subsidiaries and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses.

**Impairment of goodwill**

The Group performs an annual impairment review which involves comparing the carrying amount to the estimated recoverable amour and recognising an impairment loss if the recoverable amount is lower than the carrying amount. Impairment losses are recognised through the Profit or Loss Account and are not subsequently reversed.

The recoverable amount is the greater of the fair value of the asset less costs to sell and the value in use.

The value in use calculations use cash flow projections based on financial budgets approved by management.

On 3 January 2014, the Group acquired Binomial Group Limited, the parent of Sabre Insurance Company Limited, for a consideratio of £245,485k satisfied by cash. As from 1 January 2014, the date of transition to IFRS, goodwill was no longer amortised but is subject to annual impairment testing. Impairment testing involves comparing the carrying value of the net assets and goodwill agains the recoverable amount.

The goodwill recorded in respect of this transaction at the date of acquisition was £156,279k. There has been no impairment to goodwill since this date, and no additional goodwill has been recognised by the Group.

The Group performed its annual impairment test as at 31 December 2024 and 31 December 2023. The Group considers the relationship between the Group's market capitalisation and the book value of its subsidiary undertakings, among other factors, when reviewing for indicators of impairment.

**Key assumptions**

The valuation uses fair value less cost to sell. The key assumption on which the Group has based this value is:

The market capitalisation of the Group as at 31 December 2024 of £345,000k (31 December 2023: £378,500k).

The Directors concluded that the recoverable amount of the business unit would remain in excess of its carrying value even after reasonably possible changes in the key inputs and assumptions affecting its market value, such as a significant fall in demand for it products or a significant adverse change in the volume of claims and increase in other expenses, before the recoverable amount of the business unit would reduce to less than its carrying value. Therefore, the Directors are of the opinion that there are no indicators of impairment as at 31 December 2024.

### 15. SHARE CAPITAL

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| **Authorised share capital** | | |
| 250,000,000 Ordinary Shares of £0.001 each | 250 | 250 |
| **Issued Ordinary Share capital (fully paid up):** | | |
| 250,000,000 Ordinary Shares of £0.001 each | 250 | 250 |

All shares are unrestricted and carry equal voting rights.

#### Own shares

Own shares are shares in Sabre Insurance Group plc that are held by the Sabre Insurance Group Employee Benefit Trust ("EBT") for the purpose of issuing shares under the Group's equity-settled share-based schemes (refer to Note 16 for further information).

| | Shares bought/(sold) on open market | |
|---|---|---|
| | Number of shares | £ |
| **As at 31 December 2022** | 1,431,576 | 2,809,506 |
| Acquisition of shares by the EBT | 435,758 | 631,940 |
| Disposal of shares by the EBT | - | - |
| Employee share scheme issue | (278,084) | (320,912) |
| **As at 31 December 2023** | 1,589,250 | 3,120,534 |
| Acquisition of shares by the EBT | **986,377** | **1,483,654** |
| Disposal of shares by the EBT | **-** | **-** |
| Employee share scheme issue | **(612,919)** | **(1,491,750)** |
| **As at 31 December 2024** | **1,962,708** | **3,112,438** |

| **In thousands** | **£'k** |
|---|---|
| 31 December 2023 | 3,121 |
| **31 December 2024** | **3,112** |

Shares issued to employees are recognised on a first-in-first-out basis.

As at 31 December 2024, The Sabre Insurance Group Employee Benefit Trust held 1,962,708(2023:1,589,250) of the 250,000,000 issued Ordinary Shares with a nominal value of£1,962.71(2023: £1,589.25) in connection with the operation of the Group's share plans. Refer to Notes 16 and 17 for additional information on own shares held.

### 16. SHARE-BASED PAYMENTS

The Group operates equity-settled share-based schemes for all employees in the form of a Long Term Incentive Plan ("LTIP"), Deferred Bonus Plan ("DBP") and Share Incentive Plans ("SIP"), including Free Shares and Save As You Earn ("SAYE"). The share are in the ultimate Parent Company, Sabre Insurance Group plc.

The Group recognised a total expense in the Profit or Loss for the year ended 31 December 2024 of £1,607k (2023: £1,606k), relating to equity-settled share-based plans.

#### Long Term Incentive Plan ("LTIP")

The LTIP is a discretionary share plan, under which the Board may grant share-based awards ("LTIP Awards") to incentivise and retain eligible employees.

#### LTIP Awards - Restricted Share Awards ("RSAs")

From 2021, the Group no longer issues awards under the LTIP Awards with performance conditions, but instead issues RSAs.

The RSAs are structured as nil-cost rewards, to receive free shares on vesting. Shares will normally vest three years after grant date subject to continued employment and the satisfaction of pre-determined underpins. Awards are also subject to an additional two-year holding period, so that the total time prior to any potential share sale (except to meet any tax liabilities arising from the award) will generally be five years.

The total number of shares awarded under the scheme was 935,780 (2023: 1,244,964) with an estimated fair value at grant date of £1,581k (2023: £1,484k). The fair value is based on the closing share price on the grant date.

Future dividends are accrued separately and are not reflected in the fair value of the grant.

The table below details the movement in the RSA:

| | Number of shares | Weighted Average Exercise Price |
|---|---|---|

| | shares | Price |
|---|---|---|
| **Outstanding at 1 January 2023** | 982,258 | NIL |
| Granted | 1,244,964 | NIL |
| Forfeited | - | NIL |
| Vested | - | NIL |
| **Outstanding at 31 December 2023** | 2,227,222 | NIL |
| Granted | 935,780 | NIL |
| Forfeited | (40,863) | NIL |
| Vested | (441,684) | NIL |
| **Outstanding at 31 December 2024** | 2,680,455 | NIL |

The average unexpired life of RSAs is 1.3 years (2023: 1.4 years).

**Deferred Bonus Plan ("DBP")**

To encourage behaviour which does not benefit short-term profitability over longer-term value, Directors and some key staff were awarded shares in lieu of a bonus, to be deferred for two years, using the market value at the grant date. The total number of shares awarded under the scheme was 218,033 (2023: NIL) with an estimate fair value of £374k (2023: £NIL). Of this award, the number of shares awarded to Directors and Persons Discharging Managerial Responsibilities ("PDMRs") was 204,392 (2023: NIL) with an estimated fair value of £351k (2023: £NIL). Fair values are based on the share price at grant date. All shares are subject to a two-year service period and are not subject to performance conditions.

Future dividends are accrued separately and are not reflected in the fair value of the grant.

The DBP is recognised in the Profit or Loss Account on a straight-line basis over a period of two years from grant date.

**Share Incentive Plans ("SIPs")**

The Sabre SIPs provide for the award of free Sabre Insurance Group plc shares, Partnership Shares (shares bought by employees under the matching scheme), Matching Shares (free shares given by the employer to match partnership shares) and Dividend Share (shares bought for employees with proceeds of dividends from partnership shares). The shares are owned by the Employee Benefit Trust to satisfy awards under the plans. These shares are either purchased on the market and carried at fair value or issued by the Parent Company to the trust.

**Matching Shares**

The Group has a Matching Shares scheme under which employees are entitled to invest between £10 and £150 each month through the share trust from their pre-tax pay. The Group supplements the number of shares purchased by giving employees 1 free matching share for every 3 shares purchased up to £1,800. Matching shares are subject to a three-year service period before the matching shares are awarded. Dividends are paid on shares, including matching shares, held in the trust by means of dividends shares. The fair value of such awards is estimated to be the market value of the awards on grant date.

In the year ended 31 December 2024, 11,464 (2023: 16,017) matching shares were granted to employees with an estimated fair value of £16k (2023: £24k).

As at 31 December 2024, 48,134 (2023: 40,940) matching shares were held on behalf of employees with an estimated fair value of £66k (2023: £62k). The average unexpired life of Matching Share awards is 1.5 years (2023: 1.8 years).

**Save as You Earn ("SAYE")**

The SAYE scheme allows employees to enter into a regular savings contract of between £5 and £500 per month over a three-year period, coupled with a corresponding option over shares. The grant price is equal to 80% of the quoted market price of the shares on the invitation date. The participants of the SAYE scheme are not entitled to dividends and therefore dividends are excluded from the valuation of the SAYE scheme.

Estimated fair value of options at grant date:

SAYE 2022: 40 pence
SAYE 2023: 49 pence
SAYE 2024: 33 pence

The following table lists the inputs to the Black-Scholes model used to value the awards granted in respect of the 2024 SAYE scheme.

| | **2024 SAYE** |
|---|---|
| Share price at grant date | **172.2 pence** |
| Expected term | **3 years** |
| Expected volatility(1) | **30.2%** |
| Continuously compounded risk-free rate | **1.5%** |
| Continuously compounded dividend yield | **6.0%** |
| Strike price at grant date | **141.8 pence** |

(1) Volatility has been estimated using the historical daily average volatility of the share price of the Group for the year immediately preceding the grant date.

The table below details the movement in the SAYE scheme:

| | **Number of shares** | **Weighted Average Exercise Price** |
|---|---|---|
| **Outstanding at 1 January 2023** | 350,231 | 2.00 |

| | | |
|---|---|---|
| Granted | 768,616 | 0.85 |
| Forfeited | (260,442) | NIL |
| Vested | - | NIL |
| **Outstanding at 31 December 2023** | 858,405 | 1.33 |
| Granted | **102,880** | **1.42** |
| Forfeited | **(49,001)** | **NIL** |
| Vested | **-** | **NIL** |
| **Outstanding at 31 December 2024** | **912,284** | **0.99** |

The average unexpired life of SAYE scheme is 1.5 years (2023: 1.5 years)

## 17. RESERVES

### Own shares

Sabre Insurance Group plc established an Employee Benefit Trust ("EBT") in 2017 in connection with the operation of its share plans. The investment in own shares as at 31 December 2024 was £3,112k (2023: £3,121k). The market value of the shares in the EBT as at 31 December 2024 was £2,709k (2023: £2,406k).

### Merger reserve

Sabre Insurance Group plc was incorporated as a limited company on 21 September 2017. On 11 December 2017, immediately prio to the Group's listing on the London Stock Exchange, Sabre Insurance Group plc acquired the entire share capital of the former ultimate Parent Company of the Group, Barbados TopCo Limited ("TopCo"). As a result, Sabre Insurance Group plc became the ultimate parent of the Sabre Insurance Group. The merger reserve resulted from this corporate reorganisation.

### FVOCI reserve

The FVOCI reserve records the unrealised gains and losses arising from changes in the fair value of debt securities at FVOCI. The movements in this reserve are detailed in the Consolidated Statement of Comprehensive Income.

### Revaluation reserve

The revaluation reserve records the fair value movements of the Group's owner-occupied properties. Refer to Note 9 for more information on the revaluation of owner-occupied properties.

### Insurance/Reinsurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in Other Comprehensive Income.

### Share-based payments reserve

The Group's share-based payments reserve records the value of equity-settled share-based payment benefits provided to the Group's employees as part of their remuneration that has been charged through the income statement. Refer to Note 16 for more informatior on share-based payments.

## 18. RELATED PARTY TRANSACTIONS

Sabre Insurance Group plc is the ultimate parent and ultimate controlling party of the Group. The following entities included below form the Group.

| Name | Principal business | Registered address |
|---|---|---|
| **Entities in which the Group holds 100% of the issued share capital** | | |
| Binomial Group Limited | Intermediate holding company | Sabre House, 150 South Street, Dorking, Surrey, United Kingdom, RH4 2YY |
| Sabre Insurance Company Limited | Motor insurance underwriter | Sabre House, 150 South Street, Dorking, Surrey, United Kingdom, RH4 2YY |
| **Other controlled entities** | | |
| Sabre 2017 Share Incentive Plan | Employee Benefit Trust | Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA |
| The Sabre Insurance Group Employee Benefit Trust | Employee Benefit Trust | Ocorian, 26 New Street, St Helier, Jersey, JE2 3RA |

No single party holds a significant influence (>20%) over Sabre Insurance Group plc.

Both Employee Benefit Trusts ("EBTs") were established to assist in the administration of the Group's employee equity-based compensation schemes. The UK registered EBT holds the all-employee SIP. The Jersey-registered EBT holds the Long Term incentive Plan ("LTIP") and Deferred Bonus Plan ("DBP").

While the Group does not have legal ownership of the EBTs and the ability of the Group to influence the actions of the EBTs is limited to a trust deed, the EBT was set up by the Group with the sole purpose of assisting in the administration of these schemes, and is in essence controlled by the Group and therefore consolidated.

During the period ended 31 December 2024, the Group donated no shares to the EBTs (2023: NIL).

Key management compensation

Key management includes Executive Directors, Non-executive Directors and Directors of subsidiaries which the Group considers to be senior management personnel. Further details of Directors' shareholdings and remuneration can be found in the Annual Report on Directors' Remuneration on pages 105 to 117.

The aggregate amount paid to Directors during the year was as follows.

| | 2024 £'k | 2023 £'k |
|---|---|---|
| Remuneration | **3,428** | 2,660 |
| Contributions to defined contribution pension scheme | **10** | 9 |
| Shares granted under LTIP | **954** | 912 |
| **Total** | **4,392** | 3,581 |

## 19. EARNINGS PER SHARE

### Basic earnings per share

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | After tax £'k | Per share pence | After tax £'k | Per share pence |
| Profit for the year attributable to ordinary shareholders | **35,961** | **14.48** | 18,065 | 7.27 |

### Diluted earnings per share

| | | | 2024 |
|---|---|---|---|
| | After tax £'k | Weighted average number of shares (000s) | Per share pence |
| Profit for the year attributable to ordinary shareholders | **35,961** | **248,419** | **14.48** |
| Net share awards allocable for no further consideration | | **1,880** | **(0.11)** |
| **Total diluted earnings** | | **250,299** | **14.37** |

| | | | 2023 |
|---|---|---|---|
| | After tax £'k | Weighted average number of shares (000s) | Per share pence |
| Profit for the year attributable to ordinary shareholders | 18,065 | 248,636 | 7.27 |
| Net share awards allocable for no further consideration | | 2,201 | (0.07) |
| **Total diluted earnings** | | 250,837 | 7.20 |

## 20. EVENTS AFTER THE BALANCE SHEET DATE

Other than the declaration of a final dividend as disclosed in Note 12, there have been no material changes in the affairs or financial position of the Group and its subsidiaries since the Statement of Financial Position date.

## Parent Company Statement of Financial Position

**As at 31 December 2024**

| | Notes | 2024 £'k | 2023 £'k |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | **282** | 23 |
| Receivables | 2 | **27** | 41 |
| Other assets | | **11** | 32 |
| Investments | 3 | **453,213** | 451,606 |
| **Total assets** | | **453,533** | 451,702 |
| **Liabilities** | | | |

| | | | |
|---|---|---|---|
| Payables | 4 | **721** | - |
| Other liabilities | | **109** | 380 |
| **Total liabilities** | | **830** | 380 |

| | | |
|---|---|---|
| **Equity** | | |
| Share capital | **250** | 250 |
| Own shares | **(3,112)** | (3,121) |
| Merger reserve | **236,949** | 236,949 |
| Share-based payments reserve | **2,620** | 2,686 |
| Retained earnings | **215,996** | 214,558 |
| **Total equity** | **452,703** | 451,322 |
| **Total liabilities and equity** | **453,533** | 451,702 |

No income statement is presented for Sabre Insurance Group plc as permitted by section 408 of the Companies Act 2006. The profi after tax of the Parent Company for the period was £25,604k (2023: £7,437k profit after tax).

**Parent Company Statement of Changes in Equity**

**For the year ended 31 December 2024**

| | Share capital £'k | Own shares £'k | Merger reserve £'k | Share-based payments reserve £'k | Retained earnings £'k | Total equity £'k |
|---|---|---|---|---|---|---|
| **Balance as at 31 December 2022** | 250 | (2,810) | 236,949 | 2,407 | 212,581 | 449,377 |
| Profit for the period attributable to the owners of the Company | - | - | - | - | 7,437 | 7,437 |
| Share-based payment expense | - | - | - | 279 | 1,006 | 1,285 |
| Net movement in own shares | - | (311) | - | - | - | (311) |
| Dividends paid | - | - | - | - | (6,466) | (6,466) |
| **Balance as at 31 December 2023** | 250 | (3,121) | 236,949 | 2,686 | 214,558 | 451,322 |
| | | | | | | |
| Profit for the period attributable to the owners of the Company | **-** | **-** | **-** | **-** | **25,604** | **25,604** |
| Share-based payment expense | **-** | **-** | **-** | **(66)** | **183** | **117** |
| Net movement in own shares | **-** | **9** | **-** | **-** | **-** | **9** |
| Dividends paid | **-** | **-** | **-** | **-** | **(24,349)** | **(24,349)** |
| **Balance as at 31 December 2024** | **250** | **(3,112)** | **236,949** | **2,620** | **215,996** | **452,703** |

**Parent Company Statement of Cash Flows**

**For the year ended 31 December 2024**

| | 2024 £'k | 2023 £'k |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax for the year | **25,604** | 7,437 |
| **Operating cash flows before movements in working capital** | **25,604** | 7,437 |
| *Movements in working capital:* | | |

| | | |
|---|---|---|
| Change in receivables | **14** | (38) |
| Change in other assets | **22** | 179 |
| Change in payables | **721** | (1,607) |
| Change in other liabilities | **(269)** | 289 |
| **Net cash generated/(used) from operating activities** | **26,092** | 6,260 |

| | | |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net cash used in acquiring and disposing of own shares | **(1,484)** | (632) |
| Dividends paid | **(24,349)** | (6,466) |
| **Net cash generated/(used) by financing activities** | **(25,833)** | (7,098) |
| Net increase/(decrease) in cash and cash equivalents | **259** | (838) |
| Cash and cash equivalents at the beginning of the year | **23** | 861 |
| **Cash and cash equivalents at the end of the year** | **282** | 23 |

## Notes To The Parent Company Financial Statements

**For the year ended 31 December 2024**

### 1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated and Company Financial Statements are included i the specific notes to which they relate. These policies have been consistently applied to all the years presented, unless otherwise indicated.

### 1.1. Basis of preparation

These financial statements present the Sabre Insurance Group plc Company financial statements for the period ended 31 Decembe 2024, comprising the Parent Company Statement of Financial Position, Parent Company Statement of Changes in Equity, Parent Company Statement of Cash Flows, and related notes.

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2006. Endorsement of accounting standards is granted by the UK Endorsement Board ("UKEB").

In accordance with the exemption permitted under section 408 of the Companies Act 2006, the Company's Profit or Loss Account and related notes have not been presented in these separate financial statements.

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for those financial assets that have been measured at fair value.

The financial statements values are presented in pounds sterling (£) rounded to the nearest thousand (£'k), unless otherwise indicated.

The accounting policies that are used in the preparation of these separate financial statements are consistent with the accounting policies used in the preparation of the consolidated financial statements of Sabre Insurance Group plc as set out in those financial statements.

As permitted by section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented. The additional accounting policies that are specific to the separate financial statements of the Company are set out below.

### 2. RECEIVABLES

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| **Due within one year** | | |
| Amounts due from Group undertakings | **-** | 14 |
| Other debtors | **27** | 27 |
| **As at 31 December** | **27** | 41 |

### 3. INVESTMENTS

The Company's financial assets are summarised below:

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| Investment in subsidiary undertakings | **453,213** | 451,606 |
| **Total** | **453,213** | 451,606 |

### 3.1. Investment in subsidiary undertakings

**ACCOUNTING POLICY - INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

Investment in subsidiaries is stated at cost less any impairment.

| | 2024 | 2023 |
|---|---|---|
| | £'k | £'k |
| As at 1 January | **451,606** | 450,000 |
| Additions | **1,607** | 1,606 |
| **As at 31 December** | **453,213** | 451,606 |

The only operating insurance subsidiary of the Company is Sabre Insurance Company Limited, from which the value of the Group is wholly derived, as there are no other trading entities within the Group. The Company performed its annual impairment test as at 31 December 2024 and 31 December 2023. The Company considers the relationship between the Group's market capitalisation and the book value of its subsidiary undertakings, among other factors, when reviewing for indicators of impairment. As at 31 December 2024 and 31 December 2023, the Company's securities were traded on a liquid market; therefore, market capitalisation could be used as an indicator of value.

Having carried out this assessment, the Board concluded, on the basis of the cautious assumptions outlined below, that the value in use is higher than the current carrying value of the investment in subsidiary and no impairment is necessary.

**Key assumptions**

We have used a dividend discount model to estimate the value in use, wherein dividend payments are discounted to the present value. Dividends have been estimated, based on forecasted financial information, over a four-year forecast period, with a terminal growth rate applied. The key assumptions used in the preparation of future cash flows are: plan-period financial performance, dividend payout ratio, long-term growth rates and discount rate.

The key assumptions used in the calculation for the value in use is set out below:

- Plan period financial performance set in line with the Group's expectations
- Dividend payout ratio in line with the Group's strategy
- Long-term growth rate beyond the plan period of 2%
- Discount rate of 8.4%, being a calculated cost of capital using market rate returns of Sabre and comparable insurers

These calculations use post-tax cash flow projections based on the Group's capital models. As the value in use exceeds the carrying amount, the recoverable amount remains supportable.

The Group has conducted sensitivity testing to the recoverable amount, in order to understand the relevance of these various factors in arriving at the value in use.

Dividend within the plan period - To assess the impact of reasonable changes in performance on our base case impairment analysis and headroom, we flexed the dividend within the plan period by +10% and -10%. In doing so, the value in use varied by approximately 16% around the central scenario.

Long-term growth rate - To assess the impact of reasonable changes in the long-term growth rate on our base case impairment analysis and headroom, we flexed the long-term growth rate by +1% and -1%. In doing so, the value in use varied by approximately 8% around the central scenario.

Discount rate - To assess the impact of reasonable changes in the dividend payout ratio on our base case impairment analysis and headroom, we flexed the average discount rate by +2% and -2%. In doing so, the value in use varied by approximately 23% around the central scenario.

In all these scenarios there is material headroom over the carrying value of the investment in subsidiary.

| Name of subsidiary | Place of incorporation | Principal activity |
|---|---|---|
| **Directly held by the Company** | | |
| Binomial Group Limited | United Kingdom | Intermediate holding company |
| | | |
| **Indirectly held by the Company** | | |
| Sabre Insurance Company Limited | United Kingdom | Motor insurance underwriter |

The registered office of each subsidiary is disclosed within Note 18 of the consolidated Group Financial Statement.

### 4. PAYABLES

| | 2024 | 2023 |
|---|---|---|
| | £'k | £'k |
| Due within one year | | |
| Amounts due to Group undertakings | **721** | - |
| **As at 31 December** | **721** | - |

### 5. SHARE CAPITAL AND RESERVES

Full details of the share capital and the reserves of the Company are set out in Note 15 and Note 17 to the consolidated financial statements.

## 6. DIVIDEND INCOME

### ACCOUNTING POLICY - DIVIDEND INCOME

Dividend income from investment in subsidiaries is recognised when the right to receive payment is established.

## 7. RELATED PARTY TRANSACTIONS

Sabre Insurance Group plc, which is incorporated in the United Kingdom and registered in England and Wales, is the ultimate paren undertaking of the Sabre Insurance Group of companies.

The following balances were outstanding with related parties at year end:

| | 2024<br>£'k | 2023<br>£'k |
|---|---|---|
| **Due (to)/from** | | |
| Sabre Insurance Company Limited | **(721)** | 14 |
| **Total** | **(721)** | 14 |

The outstanding balance represents cash transactions effected by Sabre Insurance Company Limited on behalf of its Parent Company, and will be settled within one year.

## 8. SHARE-BASED PAYMENTS

Full details of share-based compensation plans are provided in Note 16 to the consolidated financial statements.

## 9. RISK MANAGEMENT

The risks faced by the Company, arising from its investment in subsidiaries, are considered to be the same as those presented by the operations of the Group. Details of the key risks and the steps taken to manage them are disclosed in Note 2 to the Consolidated Financial Statements.

## 10. DIRECTORS' AND KEY MANAGEMENT REMUNERATION

The Directors and key management of the Group and the Company are the same. The aggregate emoluments of the Directors and the remuneration and pension benefits payable in respect of the highest paid Director are included in the Directors' Remuneration Report in the Governance section of the Annual Report and Accounts.

# Financial Reconciliations

## GROSS WRITTEN PREMIUM

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024**<br>**£'k** | **2023**<br>**£'k** | **2022**<br>**£'k** |
| Insurance revenue | **248,131** | 188,246 | 181,476 |
| Less: Instalment income | **(4,493)** | (3,738) | (3,300) |
| Less: Movement in unearned premium | **(7,203)** | 40,590 | (6,919) |
| Gross written premium | **236,435** | 225,098 | 171,257 |

## NET LOSS RATIO

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024**<br>**£'k** | **2023**<br>**£'k** | **2022**<br>**£'k** |
| Insurance service expense | **154,661** | 139,497 | 126,607 |
| Less: Amortisation of insurance acquisition cash flows | **(18,166)** | (14,057) | (12,942) |
| Less: Amounts recoverable from reinsurers for incurred claims | **(13,026)** | (31,532) | (6,304) |
| Less: Directly attributable claims expenses | **(7,041)** | (6,085) | (6,210) |
| Add: Net impact of discounting | **6,914** | 8,201 | 7,593 |
| **Undiscounted net claims incurred** | **123,342** | 96,024 | 108,744 |
| | | | |
| Insurance revenue | **248,131** | 188,246 | 181,476 |
| Less: Instalment income | **(4,493)** | (3,738) | (3,300) |
| Less: Reinsurance expense | **(33,617)** | (28,506) | (24,958) |
| **Net earned premium** | **210,021** | 156,002 | 153,218 |

| | | | |
|---|---|---|---|
| **Net earned premium** | **210,021** | 156,002 | 153,218 |

| | | | |
|---|---|---|---|
| **Net loss ratio** | **58.7%** | 61.6% | 71.0% |

**EXPENSE RATIO**

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |
| Other operating expenses | **28,305** | 26,587 | 22,815 |
| Add: Amortisation of insurance acquisition cash flows | **18,166** | 14,057 | 12,942 |
| Add: Directly attributable claims expenses | **7,041** | 6,085 | 6,210 |
| **Total operating expenses** | **53,512** | 46,729 | 41,967 |
| | | | |
| Insurance revenue | **248,131** | 188,246 | 181,476 |
| Less: Instalment income | **(4,493)** | (3,738) | (3,300) |
| Less: Reinsurance expense | **(33,617)** | (28,506) | (24,958) |
| **Net earned premium** | **210,021** | 156,002 | 153,218 |
| | | | |
| **Expense ratio** | **25.5%** | 30.0% | 27.4% |

**COMBINED OPERATING RATIO**

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |
| Net loss ratio | **58.7%** | 61.6% | 71.0% |
| Expense ratio | **25.5%** | 30.0% | 27.4% |
| **Combined operating ratio** | **84.2%** | 91.6% | 98.4% |

**DISCOUNTED NET LOSS RATIO**

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |
| Insurance service expense | **154,661** | 139,497 | 126,607 |
| Less: Amortisation of insurance acquisition cash flows | **(18,166)** | (14,057) | (12,942) |
| Less: Amounts recoverable from reinsurers for incurred claims | **(13,026)** | (31,532) | (6,304) |
| Less: Directly attributable claims expenses | **(7,041)** | (6,085) | (6,210) |
| **Net claims incurred** | **116,428** | 87,823 | 101,151 |
| | | | |
| Insurance revenue | **248,131** | 188,246 | 181,476 |
| Less: Instalment income | **(4,493)** | (3,738) | (3,300) |
| Less: Reinsurance expense | **(33,617)** | (28,506) | (24,958) |
| **Net earned premium** | **210,021** | 156,002 | 153,218 |
| | | | |
| **Discounted net loss ratio** | **55.4%** | 56.3% | 66.0% |

**DISCOUNTED COMBINED OPERATING RATIO**

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |

| | | | |
|---|---|---|---|
| | **£'k** | £'k | £'k |
| Net loss ratio | **55.4%** | 56.3% | 66.0% |
| Expense ratio | **25.5%** | 30.0% | 27.4% |
| **Discounted combined operating ratio** | **80.9%** | 86.3% | 93.4% |

**NET INSURANCE MARGIN**

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |
| Net claims incurred | **123,342** | 96,024 | 108,744 |
| Total operating expenses | **53,512** | 46,729 | 41,967 |
| **Total insurance expense** | **176,854** | 142,753 | 150,711 |
| | | | |
| Insurance revenue | **248,131** | 188,246 | 181,476 |
| Less: Reinsurance expense | **(33,617)** | (28,506) | (24,958) |
| **Net insurance revenue** | **214,514** | 159,740 | 156,518 |
| | | | |
| **Net insurance margin** | **17.6%** | 10.6% | 3.7% |

**RETURN ON TANGIBLE EQUITY**

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |
| IFRS net assets at year end | **258,346** | 242,412 | 228,988 |
| *Less*: Goodwill at year end | **(156,279)** | (156,279) | (156,279) |
| **Closing tangible assets** | **102,067** | 86,133 | 72,709 |
| Opening tangible equity | **86,133** | 72,709 | 93,797 |
| Average tangible equity | **94,100** | 79,421 | 83,253 |
| Profit after tax | **35,961** | 18,065 | 11,078 |
| **Return on tangible equity** | **38.2%** | 22.7% | 13.3% |

**SOLVENCY COVERAGE RATIO - PRE-DIVIDEND**

| | As at 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |
| Solvency II net assets | **134,695** | 121,099 | 91,191 |
| Solvency capital requirement | **62,199** | 58,998 | 56,516 |
| Solvency coverage ratio - pre-dividend | **216.6%** | 205.3% | 161.4% |

**SOLVENCY COVERAGE RATIO - POST-DIVIDEND**

| | As at 31 December | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **£'k** | **£'k** | **£'k** |
| Solvency II net assets | **134,695** | 121,099 | 91,191 |
| Less: Interim/Final dividend | **(28,250)** | (20,250) | (4,250) |
| Solvency II net assets - post-dividend | **106,445** | 100,849 | 86,941 |
| Solvency capital requirement | **62,199** | 58,998 | 56,516 |
| **Solvency coverage ratio - post-dividend** | **171.1%** | 170.9% | 153.8% |

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