11 October 2024

Saga plc
Interim results for the six months ended 31 July 2024

Strong underlying profit growth, alongside significant deleveraging
Continued momentum across Cruise and Travel, while market conditions impacted Insurance

Saga plc (**Saga** or the **Group**), the UK's specialist in products and services for people over 50, announces its interim results for the six-month period ended 31 July 2024.

Six months ended	31 July 2024	31 July 2023	Change
Underlying Revenue[1]	£393.3m	£355.3m	11%
Revenue	£404.8m	£358.1m	13%
Trading EBITDA[1]	£67.4m	£53.0m	27%
Underlying Profit Before Tax[1]	£27.2m	£8.0m	240%
Loss before tax	(£104.0m)	(£77.8m)	(34%)
Available Operating Cash Flow[1]	£54.4m	£85.9m	(37%)
Net Debt[1]	£614.6m	£657.4m	7%
Leverage ratio	4.6x	7.0x	2.4x

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

"Saga made significant progress in the first half of the financial year, with Ocean and River Cruise delivering exceptional growth, while we continued to position the Group for long-term success through the exploration of potential partnership opportunities.

"The Group delivered an Underlying Profit Before Tax[1] that increased more than threefold when compared with the same six months in the prior year and we reduced Net Debt[1] by £42.8m over the same period. In line with our debt reduction plans, we also repaid our £150.0m senior unsecured bond in May.

"Ocean and River Cruise had an excellent start to the year, with load factors and per diems, across both businesses, well ahead of the same period last year. Travel also continued to grow, delivering a small Underlying Profit Before Tax[1] compared with an Underlying Loss Before Tax[1] in the first half of the prior year.

"In Insurance, our Underwriting business returned to profit, however, market conditions for Broking remained challenging, particularly for home. While this continues to have a material impact on profitability, and resulted in an impairment of goodwill, we have been taking action to stabilise the business in the short-term and position it for long-term sustainable policy growth.

"As you may have seen from our separate announcement this morning, we are in exclusive negotiations with Ageas for a 20-year affinity partnership for our motor and home Insurance Broking operations and the sale of our Insurance Underwriting business. Our strong brand and 40 years' experience in providing motor and home insurance, combined with Ageas's extensive knowledge of the insurance needs of people over 50 and experience in operating successful affinity partnerships, offers the potential to create a winning partnership and, for us, a capital-light route to growth.

"We continued to make good progress with growing customer engagement, in part through enhancements to our websites, which increased the number of visits in the year to date by more than 20%. At the same time, we took steps to increase the number of customers that we have consent to contact about our range of products and services.

"The future for Saga is exciting, as we deliver our clear strategy, underpinned by the strength of our brand, our people and our data, and move towards a more capital-light model, reducing debt and delivering long-term sustainable value for our stakeholders."

[1] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Operational and financial highlights

- Underlying Revenue[2] increased 11%, driven by continued strong momentum in our Cruise and Travel businesses and an improved Insurance Underwriting performance, but affected by ongoing challenges in Insurance Broking.
- Trading EBITDA[2] was £67.4m, an increase of 27% when compared with the same period last year.
- Underlying Profit Before Tax[2] of £27.2m increased more than threefold when compared with the £8.0m reported in the prior period.
- The challenging conditions in Insurance Broking resulted in an impairment of the goodwill allocated to that business of £138.3m. This, together with other small, one-off exceptional items resulted in the Group reporting a loss before tax of £104.0m. This compares with a loss before tax of £77.8m in the prior period, which included a £68.1m impairment of Insurance Broking goodwill.
- Available Operating Cash Flow[2] was £54.4m, 37% behind the prior period. The year-on-year reduction was driven primarily by the one-off beneficial changes in the prior year to our customer deposit arrangements for River Cruise and Travel, where we moved from a 100% trust to a 70% ring-fenced escrow arrangement, alongside lower Insurance Broking Trading EBITDA[2] and Underwriting dividends.
- The Group remains on track to deliver a full year Underlying Profit Before Tax[2] that is broadly consistent with the prior year.

Divisional performance

Cruise – Customer demand continues to grow, supporting increased load factors

Ocean Cruise

- Ocean Cruise reported an Underlying Profit Before Tax[2] of £28.0m, more than double the £12.9m in the prior period.
- Revenue was £121.5m, 17% higher than the same period the year before. We achieved a 90% load factor, which was 7ppts higher than the same period last year, and a per diem of £362, which was 9% higher.
- As a result, Ocean Cruise Trading EBITDA (Excluding Overheads)[2], was £55.8m, or £27.9m per ship, trending well in excess of our £40.0m per ship annualised target.

River Cruise

- River Cruise reported an Underlying Profit Before Tax[2] of £2.9m, 93% higher than the same period last year.
- Revenue was £26.4m, 13% and £3.0m ahead of the prior period, reflecting a load factor of 86% and a per diem of £340, which were 3ppts and 15% ahead respectively.

Travel – Material revenue growth drives return to first half profit

- Our Travel business, for which profitability is typically lower in the first half as a result of seasonality, had a strong start to the year, reporting an Underlying Profit Before Tax[2] of £0.3m, compared with an Underlying Loss Before Tax[2] of £2.6m for the prior period.
- On a like-for-like basis, excluding the discontinued Titan third-party river cruises in the prior year, revenue grew 29% and passengers grew 13%. On a reported basis, revenue of £78.9m grew 13%, while the 24.5k passengers was 5% lower than the prior period.

[2] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Insurance – Profitability in line with guidance

Insurance Broking

- Insurance Broking earned Underlying Profit Before Tax[3] was £12.2m. This was lower than the £23.8m in the same period in the prior year, but in line with guidance as we invested in pricing to improve our competitive position.
- Conditions continue to be challenging. While inflationary pressures lessened in motor, conditions in home remained further behind in the cycle, placing continued pressure on that product. These factors, when combined, dampened the effect of the pricing action we took.
- The number of policies sold across all product lines, in the first half of the year, was 0.7m, 13% lower than the prior period. While some of this was expected, given the lower policy numbers coming into the year, it was exacerbated by the competitive environment. We had 1.4m policies in force at 31 July 2024, 13% behind the same point last year.
- For the first half of the year, for motor and home specifically:
    - motor policy sales were 12% behind the prior period, with 6% growth in new business being offset by fewer renewals, following price increases introduced in the second half of last year;
    - home policy sales were 14% behind the prior period as a result of fewer renewals, compounded by reduced competitiveness following the introduction of price increases necessary to mitigate continued net rate inflation;
    - the £58 margin per policy was slightly ahead of the same period last year; and
    - customer retention was 76%, 8ppts lower due to increased competition in the market.
- The Underlying Profit Before Tax[3] from our other broking products was £7.0m lower than the prior period, reflecting market-wide net rate inflation in private medical insurance, alongside particularly competitive market conditions in travel insurance.
- These factors, and their anticipated impact on future cash flows when compared with previous projections, resulted in Insurance Broking goodwill being impaired by £138.3m. At 31 July 2024, £206.4m of Insurance Broking goodwill remained on the statement of financial position.

Insurance Underwriting

- Insurance Underwriting reported an Underlying Profit Before Tax[3] of £1.9m. This compares with an Underlying Loss Before Tax[3] of £3.6m for the same period in the prior year.
- Pricing action taken to mitigate lower, but ongoing, motor claims inflation, currently expected to be around 10% for the full year, continued to flow through to the result, with average earned premiums 39% higher than the prior period.
- The net current year combined operating ratio (**COR**) was 102%, 23ppts lower than the same period in the prior year and 15ppts lower than the year ended 31 January 2024.

Wider strategic progress

- Money reported an Underlying Profit Before Tax[3] of £0.4m, broadly consistent with the prior period.
- Following enhancements to our customer-facing websites, we saw increased traffic, with the number of visits in the year to date 21% higher than in the prior period. The number of unique visitors was 10% higher.
- Our 9.5m strong customer database remains a key focus for us, as the scale of our first party data provides unparalleled reach and insight into our target market. In addition, the 3.8m consented customers on our database at 31 July 2024, which was 16% higher than the same point in the prior year, gives us a unique ability to engage directly with this group.
- To broaden our customer reach, the Saga Magazine, which was previously only available via subscription, is now available to purchase in selected stores.
- We are now distributing our new weekly digital newsletters to a combined total of 1.4m unique readers per week. 1.0m readers receive our Travel newsletter, 0.8m our Money newsletter and 0.7m the Magazine newsletter. This form of engagement continues to be popular amongst our customers, with an industry-leading open rate, across all three newsletters, of 38% when combined.
- We continue to build our brand values into our colleague experience and, following actions taken, colleague engagement, according to our most recent survey, increased to 7.6 out of 10, from 6.6 in December 2023.

---

[3] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Financial position

The Group continues its focus on debt reduction and made good progress in the year to date. In May 2024, we repaid the £150.0m bond through a combination of Available Cash[4] resources and a drawdown of £75.0m on the loan facility provided by Roger De Haan.

At 31 July 2024, Net Debt[4] was £614.6m, £42.8m lower than 31 July 2023 and £22.6m lower than 31 January 2024. The total leverage ratio improved to 4.6x, compared with 7.0x at 31 July 2023.

We recently concluded discussions with our Revolving Credit Facility (**RCF**) lenders to extend the facility and provide the Group with greater financial flexibility. As a result, the facility was amended to reflect a new maturity date, extended from 31 May 2025 to 31 March 2026; alongside changes to its leverage test, which used to exclude Ocean Cruise, but will now be conducted on a total Group basis. These discussions also resulted in a reduction in its covenant, from 6.25x to 6.0x, through to maturity. For context, this is comparable with our leverage ratio of 4.6x at the half year end.

The Group held Available Cash[4] of £86.3m, in addition to the undrawn £50.0m RCF and remaining undrawn £10.0m of the loan facility provided by Roger De Haan.

Strategy and outlook

The continued momentum in the year to date in Cruise and Travel, alongside a strong pipeline of future bookings, is expected to drive further growth across those businesses for the full year.

The current Ocean Cruise load factor for 2024/25 continues to be strong, at 90%[5], with a per diem of £359[5]. These compare with a load factor of 87%[5] and per diem of £331[5] at the same time last year. As a result, Ocean Cruise Trading EBITDA (Excluding Overheads)[4] is expected to materially exceed our £40.0m per ship annualised target.

The current River Cruise booked load factor of 88%[5] and per diem of £327[5] are also trending well and ahead of the same point last year by 3ppts and 15% respectively.

In Travel, growth continues, with current booked revenue for the full year of £162.2m[5] and 54.4k[5] passengers, which compares with £140.3m[5] and 50.3k[5] in the prior year.

Insurance Broking remained challenging, particularly towards the end of the first half, with inflationary pressures in home, alongside increased competition in motor. These factors resulted in fewer policy sales in the first six months of the year, a trend that is expected to continue for the second half of the year.

Pricing increases in our Insurance Underwriting business, reflecting the impact of ongoing claims inflation, are expected to continue to benefit the financial result, improving both Underlying Profit Before Tax[4] and the reported net COR for the full year.

In Money, we continue to develop the business for medium-term growth and introduced a range of new products in the second half of last year, which will take time to generate a material contribution to earnings. We expect Underlying Profit Before Tax[4] in the second half of the year to be broadly consistent with the first.

While Insurance continues to navigate challenging market dynamics, the strong start to the year in Cruise and Travel means that the Group remains on track to deliver a full year Underlying Profit Before Tax[4] broadly in line with the prior year.

Available Cash[4], at 31 January 2025 is expected to be lower than at 31 July 2024, driven by continued repayments on our two Ocean Cruise ship loan facilities, together with lower Trading EBITDA[4] from Insurance Broking and the expected unwinding of some of the working capital timing differences in the first half. As a result, Net Debt[4] is expected to be slightly higher at 31 January 2025 when compared with 31 July 2024.

Looking beyond the full year, while there is no certainty that the proposed transaction with Ageas will occur, Ageas has the scale, infrastructure and expertise to support a powerful partnership with Saga as we take action to return the Insurance Broking business to policy growth. This potential partnership, alongside continued growth in our Cruise, Travel and Money businesses, would leave us well positioned to continue to broaden the range of products and services we offer our customers, while enhancing long-term value for our stakeholders through continued growth and deleveraging.

END

[4] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

[5] Current year bookings reflect the position at 6 October 2024, while the prior year refers to the position at 8 October 2023

Management will hold a presentation for analysts and investors at 9.30am today. The webcast can be accessed by registering at www.investis-live.com/saga-group/66d06a7726e9bc12006c53e3/nfgmk and a copy of the presentation slides is available at www.corporate.saga.co.uk/investors/results-reports-presentations/.

A separate live presentation for retail investors will be held via the Investor Meet Company platform on 14 October 2024 at 9.30am. The presentation is open to all existing and potential investors. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9.00am on 11 October 2024, or at any time during the live presentation. Investors can sign up to Investor Meet Company for free and follow Saga plc via www.investormeetcompany.com/saga-plc/register-investor. Investors who already follow Saga plc on the Investor Meet Company platform will automatically be invited.

For further information, please contact:

Saga plc
Emily Roalfe, Director of Investor Relations and Treasury — Tel: 07732 093 007
Email: emily.roalfe@saga.co.uk

Headland Consultancy
Susanna Voyle — Tel: 07980 894 557
Will Smith — Tel: 07872 350 428
Tel: 020 3805 4822
Email: saga@headlandconsultancy.com

Notes to editors

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

Chairman's Statement

Saga made significant progress during the first six months of the financial year with the performance of our Cruise and Travel businesses being a particular highlight. Net Debt[1] reduced significantly when compared with the same point last year and debt reduction continues to be a key strategic priority for us. Alongside this, we more recently executed amendments to the Group's financing facilities to provide us greater flexibility in the short to medium-term.

We continue to generate exceptionally high customer demand for our ocean and river cruises and expect occupancy levels and revenue to remain strong for the full year. This strong performance and outlook is reinforced by our customer satisfaction surveys, which show that customers are enjoying our ocean and river cruises more and more. Travel growth also continued, with revenue significantly ahead of the same six-month period in the prior year.

The action we took in Insurance Broking, that I spoke about in April, involved us investing in pricing to win more business, however, the competitive market dampened its effectiveness. Alongside this, the home insurance market was challenged by increasing claims inflation and this ultimately impacted the number of policies we sold. However, our Insurance Underwriting business ended the half year period in a much stronger position, following a return to profit.

Our Money team has been hard at work, embedding the new products launched last year that broaden the range of services we offer. Publishing, meanwhile, continues to engage readers with popular weekly newsletters and our award-winning Saga Magazine which is celebrating 40 years of publication this month. Alongside this, we made strong progress with our data strategy, increasing not only our website visitors but also the number of people who have given their consent to be sent more information about our products and services. Our new Magazine website is already achieving visitor numbers in excess of those seen on our previous exceptional.com site.

Of course, none of this would be possible without Saga's excellent people and I am pleased that colleague engagement has recently increased following the actions we took to invest in career growth and to build greater awareness of the Group's strategy. These improvements place us in the best possible position to serve our customers, who remain at the heart of everything we do.

Beyond the work we are already doing, the potential partnership with Ageas represents an exciting opportunity to transform a key area of our Insurance Broking business and fits perfectly with our strategy. Ageas has the right structure and expertise, alongside a deep understanding of motor and home insurance products for people over 50. It would allow us to capitalise on the strengths of both our companies and leave us well-positioned to increase the number of our motor and home insurance customers. Alongside the potential partnership, Ageas would also acquire our Insurance Underwriting business.

Our key priorities in the second half of the year are to continue to grow our core businesses, conclude the discussions with Ageas and further reduce our debt. I look forward to the future as we continue to leverage opportunities to grow our businesses, position Saga for sustainable growth and enhance value for our stakeholders.

Sir Roger De Haan
Non-Executive Chairman
10 October 2024

---

[1] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Group Chief Executive Officer's Strategic Review

Delivering on our ambition

I joined Saga at the end of last year, excited by the opportunity to develop a previously capital-constrained business, with a fantastic brand and loyal customer base into the largest and most-trusted brand for older people in the UK. I am pleased to report that we are making good progress towards this ambition, having continued to grow our successful Cruise and Travel businesses, navigated challenging conditions in Insurance and broadened the reach of our Money business. We achieved all this while continuing to reduce our debt and progressing our partnership ambitions, most notably through our now exclusive negotiations with Ageas for a 20-year affinity partnership and the acquisition of our Insurance Underwriting business.

Continued growth across Cruise and Travel, but challenging Insurance conditions

Customer demand for our Cruise and Travel products remained high in the first six months of the year, with both businesses delivering growth. While Insurance Underwriting performed well, Insurance Broking remained under pressure from cyclical challenges, particularly market-wide inflationary pressure in home and increased pricing competition. Our Money business traded in line with expectations, following the launch of our range of new products last year, and we continued to increase Group-wide customer engagement through our website, consent initiatives, newsletters and the Saga Magazine.

Threefold increase in Underlying Profit Before Tax[1]

I am very pleased to report that, for the six months ended 31 July 2024, Saga delivered a strong financial performance. Underlying Revenue[1] of £393.3m reflected 11% growth when compared with the prior period and revenue, on a statutory basis, of £404.8m, was 13% higher.

The Group reported a threefold increase in Underlying Profit Before Tax[1], which was £27.2m for the first half of the current year, compared with £8.0m in the first half of the prior year. This represents continued momentum in Cruise and Travel and improved performance in Insurance Underwriting, partially offset by ongoing challenges in Insurance Broking. On a statutory basis, the loss before tax was £104.0m, reflecting an Insurance Broking goodwill impairment of £138.3m, alongside other small, one-off exceptional items. This compares with a loss before tax of £77.8m for the same period last year, which included a £68.1m impairment to Insurance Broking goodwill.

Alongside underlying earnings growth, we continued to make progress with debt reduction, one of our key strategic priorities. At 31 July 2024, Net Debt[1] was £614.6m, 7% or £42.8m lower than the same time last year, and 4% or £22.6m lower than at 31 January 2024. The Group also held Available Cash[1] of £86.3m, in addition to the undrawn £50.0m Revolving Credit Facility (**RCF**) and the remaining undrawn £10.0m of the loan facility provided by Roger De Haan.

Our strategy

Our ambition is to become the largest and most-trusted brand for older people in the UK. We aim to achieve this through the delivery of our growth plan, which is focused on the following three priorities:

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

An update on our progress, during the first six months of the year, in each of these areas is set out below.

1. Maximising our core businesses

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

<u>Cruise</u>

Ocean Cruise had an exceptionally strong start to the year and, for the six months ended 31 July 2024, reported an Underlying Profit Before Tax[1] of £28.0m, more than double the £12.9m for the same period in the prior year.

Customer demand remained high, with a load factor (being the proportion of our total capacity that was filled) of 90% and per diem (being the average price charged per customer per day) of £362, reflecting a 7ppt and 9% increase on the 83% and £333 in the prior period. This, in turn, drove 17% growth in revenue, from £103.8m in the prior period, to £121.5m in the current period. In addition, Ocean Cruise Trading EBITDA (Excluding Overheads)[1] increased 39%, to £55.8m, and is on track to once again exceed our annualised target of £40.0m per ship.

[1] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

We continually enhance our Ocean Cruise proposition to ensure that customers receive the best possible experience and, in the year to date, we extended the reach of our VIP chauffeur service from 250 to 300 miles, making our unique boutique cruising experience a more comfortable one to more customers. Furthermore, this will increase again in 2025, with the service being made available nationwide.

At 6 October 2024, Ocean Cruise bookings for the full year were very strong, with a load factor of 90%, which compares with 87% at the same time in the prior year. At the same date, the per diem of £359 was also 8% higher.

River Cruise had a positive start to the year, reporting an Underlying Profit Before Tax[2] of £2.9m for the first six months, compared with £1.5m for the same period in 2023/24. Customer demand continued to be strong, as reflected in the load factor, which increased 3ppts to 86%, with the per diem of £340, 15% higher than the £296 reported in the prior period.

Bookings for the full year, at 6 October 2024, continued to be strong, with a load factor of 88%, 3ppts ahead of the 85% at the same time last year. The per diem, at the same date, was also significantly ahead of the prior year, at £327, reflecting 15% growth when compared with the £285 at the same time in the year before.

Turning to next year, we look forward to the arrival of our new River Cruise ship, Spirit of the Moselle, in July 2025, allowing us to offer even more choice to our customers.

<u>Travel</u>

Travel had a very good start to the year and, supported by growing customer demand, reported an Underlying Profit Before Tax[2] of £0.3m which compares with an Underlying Loss Before Tax[2] of £2.6m in the prior period.

On a like-for-like basis, excluding the revenue and passengers from our discontinued Titan third-party river cruise offering in the prior year, passenger volumes grew 13% and revenue grew 29%, reflecting increased customer demand across our escorted touring and holiday stays products. The reported revenue of £78.9m grew 13%, on a passenger base of 24.5k, which compares with 25.7k in the prior period.

For the full year, booked revenue at 6 October 2024 was £162.2m, reflecting growth of 16% when compared with the £140.3m at the same time last year, from a higher volume of passengers, which increased 8%, to 54.4k, from 50.3k.

<u>Insurance</u>

For the first six months of the year, Insurance Broking reported an earned Underlying Profit Before Tax[2] of £12.2m. In line with our previous guidance, this was lower than the £23.8m in the same six-month period in the year before.

As we set out in April, we took action in this half to re-position the business, investing in pricing to enhance our competitive position in order to slow, and in the medium-term, ultimately reverse the decline in policy volumes. The market environment, however, continues to be challenging and while the ongoing inflationary pressures lessened in motor, conditions in home remained further behind in the cycle, placing pressure on that product.

As a result of these conditions, the effectiveness of our pricing action was dampened and policy sales in the first six months of the year across all products, of 0.7m, were 13% lower than the 0.8m in the prior period. While some of this was expected, given the lower number of policies available for renewal following the decline in the prior year, this was exacerbated by the difficult market conditions. These market conditions impacted our combined motor and home customer retention, which was 76% over the period, 8ppts lower than the 84% in the prior period. At 31 July 2024, therefore, the total number of policies in force across all products was 1.4m, 13% lower than at the same point last year. The margin per policy was slightly ahead of the prior period, at £58, compared with £56.

In motor specifically, while our pricing actions showed early encouraging results, market-wide pricing also subsequently reduced, dampening our competitive position and hampering the effectiveness of our actions. As a result, the 0.3m motor policies sold in the first six months of the year were 12% lower than in the same period in the prior year. Within this, we saw an improvement in new business generation, with volumes increasing 6%, however, this was offset by fewer renewals, driven by the absolute number of policies coming into the year, and lower customer retention following the price increases applied last year.

Similarly, for the six months ending 31 July 2024, the number of home insurance policies sold was 0.3m, which was 14% lower than the prior period, arising from fewer renewals, compounded by reduced competitiveness following necessary price increases to mitigate the effect of continued market-wide net rate inflation.

---

[2] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

The contribution from our other broking products was also lower in the first six months of the year, reflective of market-wide net rate inflation in private medical insurance and increasingly aggressive market conditions in travel insurance, where additional discounts and increased marketing activity from our competitors is constraining our ability to generate new business.

The Insurance Broking trends observed towards the end of the first half of the year, ultimately resulting in fewer policy sales, are expected to continue for the second half of the year. The anticipated impact of these on future cash flow generation resulted in an impairment to the goodwill allocated to the Insurance Broking business of £138.3m. At 31 July 2024, £206.4m of Insurance Broking goodwill remained on the statement of financial position.

We are focused on continually improving the customer experience and, to do so, have recently launched an additional contact centre in South Africa to complement our UK operations. This move will allow us to efficiently scale our contact centre capacity, as necessary, to better meet customer demand and reduce call wait times.

Significant progress was made during the first half in Insurance Underwriting, as we reported an Underlying Profit Before Tax[3] of £1.9m which compares with an Underlying Loss Before Tax[3] of £3.6m in the prior period. This reflects the benefit from the pricing action taken to mitigate the impact of claims inflation which, in turn, drove a 39% increase in average earned premiums in the year to date.

Reflecting a similar trend, the net current year combined operating ratio (**COR**) continued to reduce and, for the first six months of the year, was 102%, 23ppts lower when compared with 125% at the same time last year. Looking ahead to the full year, we expect the positive trajectory in both Underlying Profit Before Tax[3] and the net COR to continue.

<u>Money</u>

For the first half of the year, Money reported an Underlying Profit Before Tax[3] of £0.4m, broadly consistent with the £0.2m in the prior period. While it is still early days, following the launch of our suite of new products in the second half of last year, these are encouragingly trading in line with our expectations.

We are focused on building greater awareness of the products and advice available to support the financial health of our customers through our popular weekly newsletters, which are currently distributed to 800k readers, and free webinars covering topics from estate planning and wills to the housing market.

2. Reducing debt through capital-light growth

We aim to deliver capital-light growth across our businesses while reducing debt and, in the first six months of the year, made good progress. At 31 July 2024, Net Debt[3] was £614.6m, £42.8m lower than 31 July 2023, and £22.6m lower than at 31 January 2024. While this includes Available Cash[3] of £86.3m, the Group also has access to additional liquidity through the undrawn £50.0m RCF and remaining undrawn £10.0m of the loan facility provided by Roger De Haan.

The significant growth in Trading EBITDA[3] driven by Cruise and Travel, and the continued reduction in Net Debt[3], resulted in the total leverage ratio, at 31 July 2024, reducing to 4.6x, compared with 7.0x in the preceding year.

Significantly, in May 2024, we repaid our £150.0m bond through a combination of Available Cash[3] resources and a £75.0m drawdown on the loan facility provided by Roger De Haan. Following this repayment, the capital structure comprised the £250.0m bond maturing in July 2026; the £85.0m loan facility provided by Roger De Haan maturing in April 2026; the combined £375.9m Ocean Cruise ship facilities maturing in June 2031 and September 2032; and the undrawn £50.0m RCF.

To provide the Group with further financial flexibility, we recently concluded discussions with our RCF lenders. As part of this, we agreed an extension to the facility's maturity date, from 31 May 2025 to 31 March 2026; a revised definition for the leverage test, which used to exclude Ocean Cruise but will now be calculated at a Group level; and an associated reduction to the covenant, from 6.25x to 6.0x, until maturity.

3. Growing our customer base and deepening our customer relationships

Helped by the analysis of our data, we continue to work towards increasing the number of customers we serve and increasing the frequency and quality of the interactions we have with them.

Often, our customers' first interaction with Saga is through our website and, following significant enhancements made to our Money, Cruise, Travel and Insurance sites, we saw an increase in this type of engagement. In the year to date, the number of visits to our website increased 21% and the number of unique visitors increased by 10%. Supporting this, our new Magazine website is doing exceptionally well and already achieving visitor numbers in excess of those seen on our previous exceptional.com site.

[3] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Our 9.5m strong customer database continues to be a key focus for us, as the scale of our first party data provides unparalleled reach and insight into people over 50 in the UK. Within this and at 31 July 2024, we had consent from 3.8m individuals who were willing to hear more about Saga's products and services. This was 16% higher than at the same point in the prior year, giving us the unique capability to engage directly with this group.

Our Publishing business continues to expand its audience, with our weekly newsletters now reaching 1.4m unique readers. They have an industry-leading combined open rate of 38% and we send 1.0m Travel newsletters, 0.8m Money newsletters and 0.7m Magazine newsletters every week. Alongside this, our popular, award-winning magazine, which is celebrating 40 years of publication, has recently been launched in selected stores across the UK.

Recognising that our colleagues are integral to our success, we undertake regular engagement surveys to improve our understanding of how they are feeling and what is important to them. At the time of our latest survey, engagement had increased to 7.6 out of 10, from 6.6 in December 2023. This resulted from an improved focus on investing in our colleagues and their career growth, alongside providing greater visibility and clarity on the Group's strategy.

A strong platform

I would like to acknowledge that the significant progress in the first six months of the year would not have been possible without the continued dedication and hard work of my colleagues, who strive to deliver exceptional experiences for our customers every day. I thank them all for their efforts and for making Saga such a wonderful place to work. I also want to thank our customers, suppliers and investors for their continued support on our journey to become the largest and most-trusted brand for older people in the UK.

The progress made in the year to date represents a significant step forward in our ambitions as we delivered a threefold increase in Underlying Profit Before Tax[4], supported by continued high demand for our Cruise and Travel offerings. This, alongside the potential partnership with Ageas, positions the business for sustainable capital-light growth, with a platform to deliver a material step-change in debt reduction and unlock significant value for shareholders.

Mike Hazell
Group Chief Executive Officer
10 October 2024

[4] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Group Chief Financial Officer's Review

The Group reported an Underlying Profit Before Tax[1] of £27.2m, compared to £8.0m in the prior period. This reflected a strong performance from our Cruise and Travel businesses, with the challenges in the Insurance market continuing to impact our Insurance Broking business.

Cruise and Travel have seen strong demand in the period, with both passenger numbers and average prices increasing. Ocean Cruise had a particularly strong half, reporting an Underlying Profit Before Tax[1] of £28.0m (H1 2023: £12.9m). River Cruise also saw strong demand and reported Underlying Profit Before Tax[1] of £2.9m (H1 2023: £1.5m), despite the challenges from the adverse weather seen across Europe. Travel performed well in the first half with Underlying profit before Tax[1] of £0.3m (H1 2023: loss of £2.6m), driven by a focus on higher value touring products.

The Group's Insurance Broking business continues to be challenged by high net rate inflation, particularly in home, and a highly competitive marketplace. The Insurance Broking business reported an earned Underlying Profit Before Tax[1] of £12.2m (H1 2023: £23.8m), reflecting the impact of the actions taken to increase competitiveness and stabilise policy volumes. Due to the challenging market back drop, these actions had less of an impact and the number of policies in force was down 13.2% to 1,386k.

Despite the challenges in Insurance Broking, our Underwriting business traded well and reported Underlying Profit Before Tax[1] of £1.9m (H1 2023: loss £3.6m), reflecting the ongoing earn through of the pricing action taken in prior years and positive development on prior year claims.

The Group reported a loss before tax of £104.0m (H1 2023: loss of £77.8m), that reflects an impairment of Insurance Broking goodwill of £138.3m and net positive exceptional items of £7.1m. The impairment of goodwill was driven by a lower view of cash flows from Insurance Broking, compared with our previous growth projections, reflecting the high claims cost inflation impacts to profitability and policy volumes in the future. The exceptional items primarily relate to onerous contract provisions on three-year fixed-price policies under International Financial Reporting Standard (**IFRS**) 17.

Reducing debt continues to be a priority for the Group and Net Debt[1], at 31 July 2024, was £614.6m, £22.6m lower than the year end, reflecting Ocean Cruise ship debt repayments. During the period, the £150.0m 2024 bond was repaid from a combination of Available Cash[1] and drawing £75.0m on the loan facility provided by Roger De Haan, resulting in Available Cash[1] reducing to £86.3m by the half year end (31 January 2024: £180.7m).

Available Operating Cash Flow[1] reduced to £54.4m (H1 2023: £85.9m), driven by lower cash generation from the unrestricted businesses, and River and Travel businesses, offset by an increase from Ocean Cruise. The reduction in the River and Travel businesses was driven by a one-off benefit in the prior period, after moving from 100% to 70% coverage under the Civil Aviation Authority (**CAA**) escrow arrangement.

We recently concluded discussions with our Revolving Credit Facility (**RCF**) lenders to provide the Group with greater financial flexibility. As a result, the following amendments were agreed, in addition to other smaller changes:

- Extension to the maturity date, from 31 May 2025 to 31 March 2026.
- Leverage test to now be conducted on a Group basis, so including the Net Debt[1] and Trading EBITDA[1] in relation to Ocean Cruise.
- Reduction in the leverage ratio covenant, from 6.25x to 6.0x, until maturity.

The second half of the year is expected to be another strong period for customer demand in Cruise and Travel, supported by the strong forward booked positions in these businesses. The impact of home net rate inflation seen towards the end of the first half is expected to continue to have a significant impact on the Insurance Broking business, with margins and policy volumes under pressure.

As you may have seen, we announced that we are in exclusive negotiations with Ageas for a 20-year affinity partnership for motor and home insurance. If these negotiations are successful, the ambition would be for the partnership to go live by the end of 2025 and, therefore, have no impact on the current year. As a result, we continue to expect Underlying Profit Before Tax[1] for 2024/25 to be broadly consistent with that of 2023/24.

[1] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Operating performance

Group income statement

£m	Unaudited 6m to July 2024	*Change*	Unaudited 6m to July 2023
Underlying Revenue [2]	**393.3**	***10.7%***	**355.3**
Underlying Profit/(Loss) Before Tax [2]			
Cruise and Travel	31.2	*164.4%*	11.8
Insurance Broking (earned)	12.2	*(48.7%)*	23.8
Insurance Underwriting	1.9	*152.8%*	(3.6)
Total Insurance	14.1	*(30.2%)*	20.2
Other Businesses and Central Costs	(5.2)	*58.4%*	(12.5)
Net finance costs [3]	(12.9)	*(12.2%)*	(11.5)
Underlying Profit Before Tax [2]	**27.2**	***240.0%***	**8.0**
Impairment of Insurance Broking goodwill	(138.3)		(68.1)
Other exceptional items	7.1		(17.7)
Loss before tax	**(104.0)**	***(33.7%)***	**(77.8)**
Tax (expense)/credit	(2.1)	*(130.9%)*	6.8
Loss after tax	**(106.1)**	***(49.4%)***	**(71.0)**
Earnings/(loss) per share			
Underlying Earnings Per Share [2]	17.9p	*>500.0%*	1.7p
Loss per share	(75.9p)	*(49.1%)*	(50.9p)

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

Underlying Revenue[2]

Underlying Revenue[2] increased by 10.7% to £393.3m (H1 2023: £355.3m) mainly due to increased load factors and per diems across our Cruise businesses, alongside a 18.7% increase in average revenue per passenger in our Travel business.

Underlying Profit/(Loss) Before Tax[2]

The Group generated an Underlying Profit Before Tax[2] of £27.2m in the first half of the current year, compared with £8.0m in the first half of the prior year. This is primarily due to a:

- £19.4m increase in Cruise and Travel, moving to an Underlying Profit Before Tax[2] of £31.2m (H1 2023: £11.8m), with £15.1m driven by Ocean Cruise;
- a return to an Underlying Profit Before Tax[2] in Insurance Underwriting of £1.9m (H1 2023: Underlying Loss Before Tax[2] of £3.6m); and
- £7.3m improvement in Other Businesses and Central Costs following the cost reduction programme actioned in the second half of the prior year.

These were partially offset by an £11.6m reduction in Insurance Broking profitability due to difficult trading conditions, particularly within home.

Net finance costs[3] in the period were £12.9m (H1 2023: £11.5m), which exclude finance costs that are included within the Cruise and Travel businesses of £8.2m (H1 2023: £9.7m) and Insurance Underwriting business of £1.9m (H1 2023: £6.5m).

[2] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

[3] Net finance costs exclude Cruise, Travel and Insurance Underwriting finance costs and net fair value losses on derivatives

Loss before tax

The loss before tax for the period, of £104.0m, includes a £138.3m impairment to Insurance Broking goodwill and a net positive of other exceptional items of £7.1m, consisting of:

- onerous contract provisions net positive of £9.7m on three-year fixed-price policies and on insurance contracts under IFRS 17;
- fair value gains on debt securities of £2.7m;
- a £0.3m positive change in discount rate on non-periodical payment order (**PPO**) insurance liabilities;
- foreign exchange gains on River Cruise ship leases of £0.5m;
- restructuring costs of £4.2m;
- costs associated with the unsecured loan facility provided by Roger De Haan of £1.2m;
- fair value losses of £0.6m on derivatives; and
- a negative IFRS 16 adjustment of £0.1m on River Cruise ships.

The loss before tax in the prior period, of £77.8m, includes a £68.1m impairment to Insurance goodwill and a net negative of other exceptional items of £17.7m, comprising:

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

Tax

The Group's tax expense for the period was £2.1m (H1 2023: £6.8m credit), representing a tax effective rate of 6.1% (H1 2023: 70.1%), excluding the Insurance Broking goodwill impairment charge. In both the current and prior periods, the difference between the Group's tax effective rate and the standard rate of corporation tax was mainly due to the Group's Ocean Cruise business being in the tonnage tax regime.

There was also an adjustment in the current period for the over-provision of prior year tax of £0.3m credit (H1 2023: £1.2m credit). Excluding the impact of the Ocean Cruise business being in the tonnage tax regime, the Insurance goodwill impairment and adjustments to prior year tax, the tax effective rate for the current period is 35.8% (H1 2023: 25.6%).

Earnings/(loss) per share

The Group's Underlying Basic Earnings Per Share[4] was 17.9p (H1 2023: 1.7p). The Group's reported basic loss per share was 75.9p (H1 2023: loss of 50.9p).

[4] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Cruise and Travel

£m	Ocean Cruise	River Cruise	Travel	Total Cruise and Travel	*Change*	Ocean Cruise	River Cruise	Travel	Total Cruise and Travel
	Unaudited 6m to July 2024					Unaudited 6m to July 2023			
Revenue	**121.5**	**26.4**	**78.9**	**226.8**	***15.2%***	**103.8**	**23.4**	**69.7**	**196.9**
Gross profit	**52.1**	**7.8**	**16.5**	**76.4**	***35.9%***	**36.1**	**6.5**	**13.6**	**56.2**
Marketing expenses	(6.8)	(2.4)	(5.9)	(15.1)	*(2.7%)*	(6.5)	(2.8)	(5.4)	(14.7)
Other operating expenses	(9.1)	(2.7)	(10.9)	(22.7)	*(12.9%)*	(7.0)	(2.2)	(10.9)	(20.1)
Investment return	-	0.2	0.6	0.8	*>500.0%*	-	-	0.1	0.1
Finance costs	(8.2)	-	-	(8.2)	*15.5%*	(9.7)	-	-	(9.7)
Underlying Profit/(Loss) Before Tax[5]	**28.0**	**2.9**	**0.3**	**31.2**	***164.4%***	**12.9**	**1.5**	**(2.6)**	**11.8**
Average revenue per passenger (£)	5,170	3,034	3,220	4,000	*19.0%*	4,272	2,721	2,712	3,360
Ocean Cruise load factor	90%			90%	*7ppt*	83%			83%
Ocean Cruise per diem (£)	362			362	*8.7%*	333			333
River Cruise load factor		86%		86%	*3ppt*		83%		83%
River Cruise per diem (£)		340		340	14.9%		296		296
Passengers ('000)	23.5	8.7	24.5	56.7	*(3.2%)*	24.3	8.6	25.7	58.6

Ocean Cruise

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

In the first half of the current year, the business achieved a load factor of 90% (H1 2023: 83%) and a per diem of £362 (H1 2023: £333). These two factors, when combined, equated to revenue growth of 17.1% and resulted in a 117.1% increase in profitability, from an Underlying Profit Before Tax[5] of £12.9m in the first half of the prior year, to an Underlying Profit Before Tax[5] of £28.0m in the first half of the current year.

River Cruise

The River Cruise business has 10-year charters in place for two boutique purpose-built river cruise ships, Spirit of the Rhine and Spirit of the Danube, alongside two other shorter-term charters.

In the first half of the current year, the business achieved a load factor of 86% (H1 2023: 83%) and a per diem of £340 (H1 2023: £296). This resulted in revenue growth of 12.8% and a 93.3% increase in profitability to an Underlying Profit Before Tax[5] of £2.9m (H1 2023: £1.5m).

Travel

The Travel business, which includes both the Saga Holidays and Titan brands, generated higher revenue per passenger in the first half of the current year, increasing by 18.7% from £2,712 to £3,220, but saw slightly reduced volumes when compared with the first half of the prior year, with passenger numbers decreasing from 25.7k to 24.5k.

This led to revenue growth of 13.2% and a return to profitability, from an Underlying Loss Before Tax[5] of £2.6m in the first half of the prior year, to an Underlying Profit Before Tax[5] of £0.3m in the first half of the current year.

On a comparable basis and, therefore, excluding the discontinued Titan third-party river cruise product, which is included in the prior year numbers, revenue grew 28.5% on a passenger base that grew 13.3%.

[5] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Forward Cruise and Travel sales

The Ocean Cruise load factor for 2024/25 is ahead of the same point last year for 2023/24 by 3ppts, driven by an improved load factor in the first quarter when compared with the prior year. The per diem for 2024/25 is 8.5% higher than the same point last year, reflecting strong customer demand.

The Ocean Cruise load factor for 2025/26 is in line with the same point in the prior year, despite the season going on sale one week later, with the per diem 7.5% ahead.

The River Cruise load factor and per diem for 2024/25 are also ahead of the same point last year, by 3ppts and 14.7% respectively, reflecting increased customer demand.

Looking ahead to 2025/26, the River Cruise booked load factor is in line with the prior year position, with the per diem 7.4% ahead.

Travel bookings for 2024/25 are ahead of the same point last year by 15.6% and 8.2% for revenue and passengers respectively. The increased revenue is due, in part, to higher passenger numbers, but also higher average selling prices, as a result of enhanced revenue management processes. The increase in passenger numbers is largely due to increased uptake of short-haul travel within our Titan brand and the introduction of new products, alongside Titan tours now being sold to customers in Australia.

Travel bookings for 2025/26 reflect a revenue position that is 5.9% ahead of the same point in the prior year, with passengers 3.8% ahead, following the launch of Titan tours in Australia.

	Current year departures			**Next year departures**		
	6 October 2024	***Change***	**8 October 2023**	**6 October 2024**	***Change***	**8 October 2023**
Ocean Cruise revenue (£m)	228.8	*10.0%*	208.0	138.4	*5.3%*	131.4
Ocean Cruise load factor	90%	*3ppts*	87%	51%	-	51%
Ocean Cruise per diem (£)	359	*8.5%*	331	388	*7.5%*	361
River Cruise revenue (£m)	49.0	*12.9%*	43.4	17.6	*(6.9%)*	18.9
River Cruise load factor	88%	*3ppts*	85%	29%	-	29%
River Cruise per diem (£)	327	*14.7%*	285	347	*7.4%*	323
Travel revenue (£m)	162.2	*15.6%*	140.3	77.1	*5.9%*	72.8
Travel passengers ('000)	54.4	*8.2%*	50.3	21.9	*3.8%*	21.1

Insurance

Insurance Broking

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

£m	**Unaudited 6m to July 2024**					Unaudited 6m to July 2023			
	Motor broking	**Home broking**	**Other broking**	**Total**	***Change***	Motor broking	Home broking	Other broking	Total
Gross Written Premiums[6] (GWP)									
Brokered	65.1	81.1	64.8	211.0	*0.4%*	61.9	78.3	70.0	210.2
Underwritten	88.0	-	1.2	89.2	*0.7%*	86.9	-	1.7	88.6
GWP	153.1	81.1	66.0	300.2	*0.5%*	148.8	78.3	71.7	298.8
Broker revenue	4.7	6.7	20.5	31.9	*(20.4%)*	4.7	12.1	23.3	40.1
Instalment revenue	1.6	1.7	-	3.3	-	1.7	1.6	-	3.3
Add-on revenue	3.8	4.0	-	7.8	*(14.3%)*	4.2	4.9	-	9.1
Other revenue	14.3	8.6	(2.6)	20.3	-	13.4	8.1	(1.2)	20.3
Written Underlying Revenue[6]	**24.4**	**21.0**	**17.9**	**63.3**	***(13.0%)***	**24.0**	**26.7**	**22.1**	**72.8**
Written gross profit	**21.8**	**21.0**	**21.8**	**64.6**	***(11.7%)***	**20.7**	**26.7**	**25.8**	**73.2**
Marketing expenses	(4.4)	(2.9)	(3.6)	(10.9)	-	(5.1)	(2.6)	(3.2)	(10.9)
Written Gross Profit After Marketing Expenses[6]	**17.4**	**18.1**	**18.2**	**53.7**	***(13.8%)***	**15.6**	**24.1**	**22.6**	**62.3**
Other operating expenses	(16.7)	(12.5)	(12.9)	(42.1)	*4.5%*	(18.3)	(15.5)	(10.3)	(44.1)
Written Underlying Profit/(Loss) Before Tax[6]	**0.7**	**5.6**	**5.3**	**11.6**	***(36.3%)***	**(2.7)**	**8.6**	**12.3**	**18.2**
Written to earned adjustment	0.6	-	-	0.6	*(89.3%)*	5.6	-	-	5.6
Earned Underlying Profit Before Tax[6]	**1.3**	**5.6**	**5.3**	**12.2**	***(48.7%)***	**2.9**	**8.6**	**12.3**	**23.8**
Policies in force	649k	564k	173k	1,386k	*(13.2%)*	754k	634k	208k	1,596k
Policies sold	337k	279k	95k	711k	*(13.2%)*	385k	323k	111k	819k
Third-party panel share[7]	37.6%				*(1.3ppt)*	38.9%			

Insurance Broking written Underlying Profit Before Tax[6], which excludes the impact of the written to earned adjustment deferring the revenue on policies underwritten over the term of the policy, decreased to £11.6m, from £18.2m in the prior period.

A key metric for the Insurance Broking business is Written Gross Profit After Marketing Expenses[6], before deducting overheads. This reduced from £62.3m in the first half of the prior year to £53.7m in the first half of the current year, mainly due to lower renewal volumes and margins on home, lower renewal margins on private medical insurance (**PMI**) and lower new business volumes and margins on travel. This was partially offset by an improvement in motor margins as net rate inflation has slowed. Written Gross Profits After Marketing Expenses[6] fell by £6.0m in home and £4.4m in other broking, partially offset by an increase in motor of £1.8m.

For motor and home insurance, in terms of the total Written Gross Profit After Marketing Expenses[6], the new business proportion reduced by £0.4m and the renewal proportion by £3.8m.

The reduction in profitability of the home business is attributable to significant inflationary pressure in the net rates charged by panel underwriters, which have increased at a faster pace than the price that can be charged to consumers in a competitive marketplace. This has been accentuated by the fact that a significant number of home policies are on three-year fixed-price deals, which fix the customer price for two renewals. Lower new business volumes in the prior year have also led to a 14% reduction in the level of renewal volumes in the first half of the current year.

The three-year fixed-price product remains significant, with 180k policies sold in the period, compared with 319k policies in the prior year. This represented 29% of total motor and home policies (H1 2023: 45%), with 28% of direct new business customers taking the product (H1 2023: 30%). These policies remain highly attractive to our customer base and, while current profitability has been impacted by high industry inflation, this is a short-term challenge, as all policies will have been repriced by the middle of 2025.

[6] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

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

The challenging home environment has been broadly offset by an improvement to the motor environment which has led to the average gross margin per policy for motor and home combined, calculated as Written Gross Profit After Marketing Expenses[8] divided by the number of policies sold, increasing to £57.6 in the first half of the current period, compared with £56.1 in the prior period.

In addition, customer retention reduced from 84% to 76%, overall motor and home policies in force decreased 13% when compared with 31 July 2023 and direct new business sales reduced by 3ppts to 43% as the Group rebalanced volumes towards price-comparison website distribution channels.

Written profit and gross margin per policy for motor and home are stated after allowing for deferral of part of the revenues from three-year fixed-price policies, which is then recognised in profit or loss when the option to renew those policies at a predetermined fixed price is exercised or lapses, recognising the inflation risk inherent in these products. At 31 July 2024, £11.6m (H1 2023: £11.1m) of income had been deferred in relation to three-year fixed-price policies, £5.2m (H1 2023: £4.5m) of which related to income written in the period to 31 July 2024.

Motor broking

Gross Written Premiums[8] increased 2.9% due to a 17.5% increase in average premiums, partially offset by a 12.5% reduction in core policies sold. Gross Written Premiums[8], from business underwritten by AICL, increased 1.3% to £88.0m (H1 2023: £86.9m), due to a 13.7% increase in average premiums, offset by a 11.0% decrease in core policies sold.

Written Gross Profit After Marketing Expenses[8] was £17.4m (H1 2023: £15.6m), contributing £51.6 per policy (H1 2023: £40.5 per policy). The increase in renewal margins and a 6.4% increase in new business policies sold was partially offset by lower new business margins and a 16.6% reduction in renewal policies sold.

Home broking

Gross Written Premiums[8] increased 3.6% due to a 19.9% increase in average premiums, partially offset by a 13.6% reduction in core policies sold.

Written Gross Profit After Marketing Expenses[8] was £18.1m (H1 2023: £24.1m), equating to £64.9 per policy (H1 2023: £74.6 per policy). The reduction in written gross profits, and margin per policy, was mainly due to the adverse impact of net rate inflation on home renewal profitability.

Other broking

Other broking primarily comprises PMI and travel insurance.

Gross Written Premiums[8] reduced 7.9% as a result of both lower average premiums and a reduction to policy sales to 74k (H1 2023: 86k) in travel insurance. For PMI, policy sales were broadly stable at 16k (H1 2023: 17k).

As a result, Written Gross Profit After Marketing Expenses[8] relating to travel insurance products decreased by £1.4m.

While sales of PMI were broadly stable, there were net rate inflation pressures in the first half of the year, reducing renewal margins and leading to Written Gross Profit After Marketing Expenses[8] decreasing by £2.6m.

[8] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Insurance Underwriting

£m		Unaudited 6m to July 2024 Gross	Re-insurance	Net	*Gross change*	Unaudited 6m to July 2023 Gross	Re-insurance	Net
Insurance Underlying Revenue[9]	**A**	**102.0**	**(9.0)**	**93.0**	***29.9%***	**78.5**	**(8.0)**	**70.5**
Incurred claims (current year)	B	(78.4)	(0.6)	(79.0)	*14.3%*	(91.5)	19.2	(72.3)
Claims handling costs in relation to incurred claims	C	(8.3)	-	(8.3)	*(5.1%)*	(7.9)	-	(7.9)
Changes to liabilities for incurred claims (prior year)	D	(1.4)	2.2	0.8	*(116.3%)*	8.6	7.4	16.0
Other incurred insurance service expenses	E	(7.3)	-	(7.3)	*5.2%*	(7.7)	-	(7.7)
Insurance service result		**6.6**	**(7.4)**	**(0.8)**	***133.0%***	**(20.0)**	**18.6**	**(1.4)**
Net finance (expense)/income from (re)insurance (excludes impact of change in discount rate on non-PPO liabilities)		(5.4)	3.5	(1.9)	*58.1%*	(12.9)	6.4	(6.5)
Investment return (excludes fair value gains/losses on debt securities)		4.6	-	4.6	*7.0%*	4.3	-	4.3
Underlying Profit/(Loss) Before Tax[9]		**5.8**	**(3.9)**	**1.9**	***120.3%***	**(28.6)**	**25.0**	**(3.6)**
Reported loss ratio	(B+D)/A	78.2%		84.1%	*27.4ppt*	105.6%		79.9%
Expense ratio	(C+E)/A	15.3%		16.8%	*4.6ppt*	19.9%		22.1%
Reported combined operating ratio (**COR**)	(B+C+D+E)/A	93.5%		100.9%	*32.0ppt*	125.5%		102.0%
Current year COR	(B+C+E)/A	92.2%		101.7%	*44.2ppt*	136.4%		124.7%
Number of earned policies		260k			*(6.4%)*	278k		
Policies in force – Saga motor		435k			*(5.8%)*	462k		

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

In line with the wider market, AICL experienced a prolonged period of elevated claims inflation across 2022 and 2023, with the significant price rises applied over that period having now materially earned through to insurance revenue.

Gross insurance Underlying Revenue[9], in the first half of the year, increased 29.9% to £102.0m (H1 2023: £78.5m), reflecting a 38.8% increase in average earned premiums. This was partially offset by a 6.4% reduction in the number of earned policies underwritten by AICL, particularly those underwritten for Saga as opposed to other panels.

The pricing and other management action taken during 2022 and 2023 resulted in significant improvement in the gross insurance service result year on year, with a 44.2ppt reduction in the current year gross COR to 92.2% (H1 2023: 136.4%). After allowing for reinsurance arrangements, this increased slightly to 101.7% (H1 2023: 124.7%). This result was in line with expectations, recognising the fact that the gross current period motor surplus generated during the first half of the current year is shared with reinsurance partners.

Motor claims severity inflation during the first half of the current year reduced to 11%, in line with pricing expectations, with the full year expected to reduce further.

Positive changes to liabilities for incurred prior year claims reduced from £16.0m in the first half of the prior year to £0.8m in the first half of the current year. Both years benefited from favourable large claims movements (net of excess of loss reinsurance), albeit more so in the prior year. The net impact of our quota share reinsurance arrangements switched from a net benefit in the prior year to a net cost in the current year, with 80% of the favourable development in the most recent accident years ceded to quota share reinsurance partners.

The net finance expense of £1.9m reduced from £6.5m in the prior period. The expense was higher in the prior period as there was an increase in the yield curve which increased indexation of reinsurance deductibles and, therefore, net incurred claims.

[9] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Other Businesses and Central Costs

£m	Unaudited 6m to July 2024 Other Businesses	Central Costs	Total	*Change*	Unaudited 6m to July 2023 Other Businesses	Central Costs	Total
Underlying Revenue[10]							
Money	2.8	-	2.8	*(24.3%)*	3.7	-	3.7
Publishing and CustomerKNECT	6.8	-	6.8	*17.2%*	5.8	-	5.8
Insight	-	-	-	*(100.0%)*	0.5	-	0.5
Total Underlying Revenue	**9.6**	**-**	**9.6**	***(4.0%)***	**10.0**	**-**	**10.0**
Gross profit	**3.5**	**3.0**	**6.5**	***(3.0%)***	**4.2**	**2.5**	**6.7**
Operating expenses	(2.9)	(11.1)	(14.0)	*34.9%*	(6.4)	(15.1)	(21.5)
Investment income	-	2.3	2.3	-	-	2.3	2.3
Net finance costs	-	(12.9)	(12.9)	*(12.2%)*	-	(11.5)	(11.5)
Underlying Profit/(Loss) Before Tax[10]	**0.6**	**(18.7)**	**(18.1)**	***24.6%***	**(2.2)**	**(21.8)**	**(24.0)**

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

Underlying Profit Before Tax[10] for Other Businesses, when combined, increased by £2.8m, from a £2.2m Underlying Loss Before Tax[10] in the first half of the prior year to an Underlying Profit Before Tax[10] of £0.6m in the first half of the current year. This was largely due to the decision made, in the second half of last year, to exit our smaller, loss-making activities of Saga Exceptional and Saga Insight. Underlying Revenue[10] in Saga Money reduced £0.9m due to market-wide equity release challenges arising from the inflationary environment.

Central operating expenses reduced to £11.1m (H1 2023: £15.1m). Gross administration costs, before Group recharges, decreased by £2.6m in the period, as a result of a cost-reduction programme enacted in the second half of the prior year. Net costs decreased by a further £1.4m due to higher Group recharges to the business units.

Net finance costs in the period were £12.9m (H1 2023: £11.5m), which exclude finance costs that are included within the Cruise and Travel businesses of £8.2m (H1 2023: £9.7m) and Insurance Underwriting business of £1.9m (H1 2023: £6.5m). The increase was predominantly driven by the drawdown on the loan facility provided by Roger De Haan to support repayment of the £150.0m bond in May 2024 and the higher interest rate attached to that facility.

[10] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Cash flow and liquidity

Available Operating Cash Flow[11]

£m	Unaudited 6m to July 2024	*Change*	Unaudited 6m to July 2023
Insurance Broking Trading EBITDA[11]	15.9	*(42.2%)*	27.5
Other Businesses and Central Costs Trading EBITDA[11]	(2.7)	*73.0%*	(10.0)
Trading EBITDA[11,12] from unrestricted businesses	**13.2**	***(24.6%)***	**17.5**
Dividends paid by Insurance Underwriting business	-	*(100.0%)*	7.0
Working capital and non-cash items	(6.1)	*(>500.0%)*	(0.7)
Capital expenditure funded with Available Cash[11]	(8.3)	*23.9%*	(10.9)
Available Operating Cash Flow[11] before cash repayment from Cruise and Travel operations	**(1.2)**	***(109.3%)***	**12.9**
Cash repayment from River Cruise and Travel businesses	1.5	*(94.2%)*	26.0
Ocean Cruise Available Operating Cash Flow[11]	54.1	*15.1%*	47.0
Available Operating Cash Flow[11]	**54.4**	***(36.7%)***	**85.9**
Restructuring costs	(6.8)	*(41.7%)*	(4.8)
Interest and financing costs	(20.4)	*4.2%*	(21.3)
Tax receipts	1.2	*300.0%*	0.3
Other payments	(5.8)	-	(5.8)
Change in cash flow from operations	22.6	*(58.4%)*	54.3
Change in bond debt	(150.0)	*(100.0%)*	-
Change in bank and other debt	75.0	*100.0%*	-
Change in Ocean Cruise ship debt	(31.1)	-	(31.1)
Cash at 1 February	169.8	*7.8%*	157.5
Available Cash[11] at 31 July	**86.3**	***(52.2%)***	**180.7**

Available Operating Cash Flow[11] is made up of the cash flows from unrestricted businesses and the dividends paid by restricted companies, less any cash injections to those businesses. Unrestricted businesses include Insurance Broking (excluding specific ring-fenced funds to satisfy Financial Conduct Authority (**FCA**) regulatory requirements), Other Businesses and Central Costs, and the Group's Ocean Cruise business. Restricted businesses include AICL, River Cruise and Travel.

As a result of a reduction in cash generation from unrestricted businesses, particularly in Insurance Broking and cash repayments from the River Cruise and Travel businesses, partially offset by improved cash generation from the Ocean Cruise business, Available Operating Cash Flow[11] reduced from £85.9m in the first half of the prior year to £54.4m in the first half of the current year.

Excluding cash repayments from the Cruise and Travel businesses, Available Operating Cash Flow[11] was an outflow of £1.2m compared with an inflow of £12.9m in the prior period. Trading EBITDA[11,12] from unrestricted businesses reduced by £4.3m, mainly as a result of lower margins and policies in the Insurance Broking segment, particularly in home and other, partially offset by the impact of cost savings enacted in Central Costs during the second half of the prior year. Changes in working capital were a £6.1m outflow in the current period, compared with a £0.7m outflow in the prior period, mainly due to a reduction in net premiums payable to our panel of underwriters on motor following price reductions in the period as claims inflation slowed. No dividends were received from AICL, as expected, a reduction of £7.0m when compared with the prior year.

For River Cruise and Travel, the Group was repaid £1.5m in the first half of the year. This is a reduction of £24.5m when compared with the £26.0m repayment in the first half of the prior year. The reduction is due to the businesses, in the first half of the prior year, in agreement with the CAA, moving from a fully ring-fenced trust arrangement, where the businesses could not access 100% of customer cash until they returned from their river cruise or holiday, to a ring-fenced escrow arrangement where only 70% of customer cash is restricted until they return. This resulted in a one-off cash benefit in the first half of the prior year. At 31 July 2024, the ring-fenced businesses held cash of £72.3m, of which £56.6m was held in escrow. The Group must hold a minimum of £8.1m of cash outside of escrow within the ring-fenced businesses, as agreed with the CAA.

The Ocean Cruise business reported an Available Operating Cash Flow[11] of £54.1m (H1 2023: £47.0m), with an increase in advance customer receipts of £7.2m (H1 2023: £18.7m) and net trading income of £47.7m (H1 2023: £31.4m), partially offset by capital expenditure of £0.8m (H1 2023: £3.1m). Net of interest costs of £7.0m (H1 2023: £8.1m), the Ocean Cruise business reported a net cash inflow, before capital repayments on the ship debt, of £47.1m for the first half of 2024/25 compared with £38.9m in the first half of prior year.

---

[11] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

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

Other cash flow movements

Interest and financing costs reduced in the current period due to lower interest costs on the ship debt loans as a result of the gross ship debt reducing as capital repayments are made.

The Group continued to make the agreed payments to the defined benefit pension fund as part of the deficit recovery plan of £5.8m (H1 2023: £5.8m). These are included within other payments.

In the current period, the Group repaid in full its £150.0m corporate bond at maturity, drew down £75.0m of the available £85.0m loan facility provided by Roger De Haan and continued to make capital repayments against its ship debt facilities, with one payment of £15.3m (H1 2023: £15.3m) on Spirit of Discovery's debt facility and one payment of £15.8m (H1 2023: £15.8m) on Spirit of Adventure's debt facility.

Reconciliation between operating and reported metrics

Available Operating Cash Flow[13] reconciles to net cash flows from operating activities as follows:

£m	**Unaudited 6m to July 2024**	*Change*	Unaudited 6m to July 2023
Net cash flows from operating activities (reported)	42.8	*17.5%*	51.9
Exclude cash impact of:			
Trading of restricted divisions	(13.3)	*(125.4%)*	(5.9)
Non-trading costs	12.6	*>500.0%*	0.2
Interest paid	19.9	*(3.9%)*	20.7
	19.2	*28.0%*	15.0
Cash released from restricted divisions	1.5	*(95.5%)*	33.0
Include capital expenditure funded from Available Cash[13]	(8.3)	*23.9%*	(15.8)
Include Ocean Cruise capital expenditure	(0.8)	*74.2%*	(3.1)
Available Operating Cash Flow[13]	**54.4**	***(36.7%)***	**85.9**

Underlying Revenue[13] reconciles to the statutory measure of revenue as follows:

£m	**Unaudited 6m to July 2024**	*Change*	Unaudited 6m to July 2023
Underlying Revenue[13]	393.3	*10.7%*	355.3
Ceded reinsurance premiums earned on business underwritten by the Group	9.0	*12.5%*	8.0
Onerous contract provision	2.1	*140.4%*	(5.2)
Exit from smaller, loss-making activities	0.4	*100.0%*	-
Revenue	**404.8**	***13.0%***	**358.1**

Trading EBITDA[13] reconciles to Underlying Profit Before Tax[13] as follows:

£m	**Unaudited 6m to July 2024**	*Change*	Unaudited 6m to July 2023
Insurance Broking Trading EBITDA[13]	15.9	*(42.2%)*	27.5
Insurance Underwriting Trading EBITDA[13]	3.8	*31.0%*	2.9
Ocean Cruise Trading EBITDA[13,14]	46.7	*41.1%*	33.1
River Cruise and Travel Trading EBITDA[13]	3.7	*>500.0%*	(0.5)
Other Businesses and Central Costs Trading EBITDA[13]	(2.7)	*73.0%*	(10.0)
Trading EBITDA[13]	**67.4**	***27.2%***	**53.0**
Depreciation and amortisation	(17.2)	*0.6%*	(17.3)
Net finance costs (including Cruise, Travel and Insurance Underwriting)	(23.0)	*17.0%*	(27.7)
Underlying Profit Before Tax[13]	**27.2**	***240.0%***	**8.0**

[13] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

[14] Ocean Cruise Trading EBITDA includes Ocean Cruise overheads

Adjusted Trading EBITDA[15] is used in the Group's leverage calculation for the RCF covenant and is calculated as follows:

£m	**Unaudited 6m to July 2024**	*Change*	Unaudited 6m to July 2023
Trading EBITDA[15] for 12m to 31 January 2024	116.5	*25.8%*	92.6
Less Trading EBITDA[15] for 6m to 31 July 2023	(53.0)	*0.4%*	(53.2)
Add Trading EBITDA[15] for 6m to 31 July 2024	67.4	*27.2%*	53.0
Trading EBITDA[15] (12 months rolling)	**130.9**	***41.7%***	**92.4**
Impact of accounting standard changes since 31 January 2017	2.6	*30.0%*	2.0
Spirit of Discovery and Spirit of Adventure Trading EBITDA[15, 16]	(88.4)	*(48.8%)*	(59.4)
Adjusted Trading EBITDA[15]	**45.1**	***28.9%***	**35.0**

Ocean Cruise Trading EBITDA[15,16] reconciles to Ocean Cruise Trading EBITDA (Excluding Overheads)[15] as follows:

£m	**Unaudited 6m to July 2024**	*Change*	Unaudited 6m to July 2023
Ocean Cruise Trading EBITDA[15,16]	46.7	*41.1%*	33.1
Ocean Cruise overheads	9.1	*(30.0%)*	7.0
Ocean Cruise Trading EBITDA (Excluding Overheads)[15]	**55.8**	***39.2%***	**40.1**

[15] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

[16] Ocean Cruise Trading EBITDA includes Ocean Cruise overheads

Statement of financial position

Goodwill

On 1 January 2022, new pricing rules arising from the implementation of recommendations included in the FCA's General Insurance Pricing Practices market study came into effect. As a result, and against the background of a highly competitive motor insurance market, the Group saw a fall in policy volumes in the period to 31 July 2023 and year to 31 January 2024. At 31 July 2024, high claims cost inflation in a competitive market continued to have an adverse impact on the expected future profitability of the Insurance business. Management, therefore, considered it necessary to perform impairment assessments of goodwill attaching to the Insurance Broking business at each of these dates. Forecast cash flows were modelled and, as a result, management took the decision to impair Insurance goodwill by £138.3m at 31 July 2024, following total impairments recognised in the year to 31 January 2024 of £104.9m. Consistent with the approach taken in previous years, this impairment is not included within Underlying Profit Before Tax[17].

Carrying value of Ocean Cruise ships

At 31 July 2024, the carrying value of the Group's Ocean Cruise ships was £576.9m (31 January 2024: £586.7m). Trading performance in the current year has been very positive, and, with strong bookings for 2025/26, the Directors concluded that there were no indicators of impairment at 31 July 2024.

[17] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Investment portfolio

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

The amount held in invested funds increased by £5.7m to £257.6m (31 January 2024: £251.9m). At 31 July 2024, 100% of the financial assets held by the Group were invested with counterparties with a risk rating of BBB or above, consistent with the prior year end, reflecting the relatively stable credit risk rating of the Group's investment holdings.

			Credit risk rating			
	AAA	**AA**	**A**	**BBB**	**Unrated**	**Total**
At 31 July 2024	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Investment portfolio						
Debt securities	24.3	63.8	63.4	63.5	0.1	215.1
Money market funds	42.5	-	-	-	-	42.5
Total invested funds	66.8	63.8	63.4	63.5	0.1	257.6
Derivative assets	-	-	0.2	-	-	0.2
Total financial assets	**66.8**	**63.8**	**63.6**	**63.5**	**0.1**	**257.8**

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

Insurance reserves

Analysis of insurance contract liabilities at 31 July 2024 and 31 January 2024 is as follows:

		At 31 July 2024			At 31 January 2024	
£m	**Gross**	**Reinsurance assets**	**Net**	Gross	Reinsurance assets	Net
Incurred claims – estimate of the present value of future cash flows	289.0	(138.8)	150.2	286.4	(141.3)	145.1
Incurred claims – risk adjustment	46.4	(39.7)	6.7	40.2	(33.7)	6.5
Remaining coverage – excluding loss component	53.3	5.2	58.5	56.6	3.1	59.7
Remaining coverage – loss component	7.6	(0.4)	7.2	16.1	(1.3)	14.8
Total	**396.3**	**(173.7)**	**222.6**	**399.3**	**(173.2)**	**226.1**

The Group's total insurance contract liabilities, net of reinsurance assets, decreased by £3.5m in the period to 31 July 2024 from the previous year end, primarily due to a £8.8m reduction in net remaining coverage claims reserves. This was partially offset by a £5.3m increase in net incurred claims reserves. The reduction in net remaining coverage claims reserves reflect favourable experience on large bodily injury claims relating to prior accident years.

Financing

At 31 July 2024, the Group's Net Debt[18] was £614.6m, £22.6m lower than at the beginning of the financial year. The Group's total leverage ratio was 4.6x as at 31 July 2024 (31 January 2024: 5.4x).

Net Debt[18] is analysed as follows:

£m	Maturity date[19]	31 July 2024	31 January 2024
3.375% Corporate bond	May 2024	-	150.0
5.5% Corporate bond	July 2026	250.0	250.0
RCF	March 2026	-	-
Loan facility with Roger De Haan	April 2026	75.0	-
Spirit of Discovery ship loan	June 2031	158.3	173.6
Spirit of Adventure ship loan	September 2032	217.6	233.4
Less Available Cash[18, 20]		(86.3)	(169.8)
Net Debt[18]		**614.6**	**637.2**

Adjusted Net Debt[18] is used in the Group's leverage calculation and reconciles to Net Debt[18] as follows:

£m	31 July 2024	31 January 2024
Net Debt[18]	614.6	637.2
Exclude ship loans	(375.9)	(407.0)
Exclude Ocean Cruise Available Cash[18]	2.7	2.7
Adjusted Net Debt[18]	**241.4**	**232.9**

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

During the first half of the year, the Group repaid in full its £150.0m corporate bond at maturity and drew down £75.0m of the available £85.0m loan facility provided by Roger De Haan. The Group also made repayments on its Ocean Cruise ship debt facilities in March 2024 for Spirit of Adventure and in June 2024 for Spirit of Discovery, of £15.8m and £15.3m respectively.

To support the transition to our new Insurance operating model, we recently concluded discussions with our RCF lenders to provide the Group with greater financial flexibility. As a result, the following amendments were agreed, in addition to other smaller changes:

- Extension to the maturity date from 31 May 2025 to 31 March 2026.
- Leverage test to now be conducted on a Group basis, so including the Net Debt[18] and Trading EBITDA[18] in relation to Ocean Cruise.
- Reduction in the leverage ratio covenant from 6.25x to 6.0x until maturity.

In addition, a series of amendments were made to the loan facility provided by Roger De Haan. These included an extension to the facility maturity, from 31 December 2025 to 30 April 2026, a reduction to the notice period required for drawdown of the loan, to 10 business days, and an increase in the maximum number of permitted utilisations, to 10.

[18] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

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

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

Pensions

The Group's defined benefit pension scheme liability, as measured on an International Accounting Standard 19R basis, decreased by £1.4m to a £46.5m liability as at 31 July 2024 (31 January 2024: £47.9m).

£m	**31 July 2024**	31 January 2024
Fair value of scheme assets	210.4	204.5
Present value of defined benefit obligation	(256.9)	(252.4)
Defined benefit pension scheme liability	**(46.5)**	**(47.9)**

The movements observed in the scheme's assets and obligations were impacted by macroeconomic factors during the period where, at a global level, there have been rising inflation and cost of living pressures, as well as shifts in long-term market yields. The present value of defined benefit obligations increased by £4.5m to £256.9m, primarily due to higher-than-expected inflation experience and an increase in future expectations for inflation. The fair value of scheme assets increased by £5.9m to £210.4m. The increase in asset values was largely driven by the recovery plan payment, alongside marginally lower returns on assets from the fall in interest rates in the period.

Net assets

Since 31 January 2024, total assets decreased by £177.3m and total liabilities decreased by £70.2m, resulting in an overall decrease in net assets of £107.1m.

The reduction in total assets is primarily due to:

- a decrease in goodwill of £138.3m, following an impairment to Insurance Broking goodwill in the period;
- a decrease in cash and short-term deposits of £79.4m, mainly as a result of the repayment of the £150.0m corporate bond at maturity, partially offset by the £75.0m drawdown of the available £85.0m loan facility provided by Roger De Haan;
- an increase in trade and other receivables of £16.7m; and
- an increase in trust accounts of £18.7m due to seasonality in the River Cruise and Travel businesses.

The decrease in total liabilities largely reflects:

- a decrease of £100.5m in financial liabilities, which is mainly due to a reduction of £104.9m in bond and bank loans, as a result of the repayment of the £150.0m corporate bonds and £31.1m of capital repayments on Spirit of Discovery and Spirit of Adventure facilities, partially offset by the £75.0m drawdown of the available £85.0m loan facility provided by Roger De Haan; and
- an increase of £30.9m in contract liabilities due to seasonality in the Cruise and Travel businesses.

Going concern

The Directors have performed an assessment of going concern to determine the adequacy of the Group's financial resources over a period of 16 months from the date of signing these financial statements; a period selected to include consideration of the final covenant test date, at 31 January 2026, of the Group's £50.0m RCF.

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

The Group's base case modelling assumes continued strong performance in the Cruise division on the back of high load factors and per diems. Travel is also expected to achieve continued growth in profits. The Insurance business, however, continues to experience challenge from high inflation in the net rates charged by partners on our underwriting panel, which puts pressure on Broking margins in a competitive consumer marketplace.

The Group's severe but plausible stressed scenario incorporates lower load factors for Ocean Cruise, lower levels of demand in River Cruise, and slower growth in the Travel business. Downside risks modelled for the Insurance business reflect the possibility that planned actions to limit inflation of underwriting net rates do not deliver the expected benefits.

As a result of actions undertaken by management to reduce the administrative overhead and central cost base last year, both scenarios include an assumption that the ensuant levels of savings are maintained throughout the assessment period.

Following the repayment of the £150.0m senior bonds in May of this year, the Group now operates with a lower level of Available Cash[21]. This has reduced the Group's ability to withstand possible events that are beyond those contemplated in the severe but plausible stressed scenario modelled. Notwithstanding this, the Group expects to meet scheduled Ocean Cruise debt principal repayments as they fall due over the next 16 months, and to also meet the financial covenants relating to its secured Cruise debt.

In addition, in both the base case and the stressed scenario, the £50.0m RCF is forecast to remain available for the Group to access throughout the assessment period, ensuring the Group has sufficient resources to continue in operation for at least the next 16 months.

Noting that it is not possible to accurately predict all possible future risks to the Group's trading, based on this analysis and the scenarios modelled, the Directors concluded that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 16 months from the date of approval of the condensed consolidated interim financial statements. They have, therefore, deemed it appropriate to prepare the financial statements for 31 July 2024 on a going concern basis.

[21] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Dividends and financial priorities for 2024/25

Dividends

Given the Group's priority of reducing Net Debt[22], the Board of Directors does not recommend payment of an interim dividend for the 2024/25 financial year, nor would this currently be permissible under financing arrangements and while the ship debt facility deferred amounts are outstanding.

Financial priorities for 2024/25

The Group's financial priorities for the current financial year are to reduce Net Debt[22] via capital-light growth, conclude the discussions with Ageas that could support this objective, continue the growth trajectory of the River Cruise and Travel businesses, and balance the protection and, ultimately, growth of policy sales with the delivery of sustainable profitability within Insurance.

Mark Watkins
Group Chief Financial Officer
10 October 2024

[22] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Principal risks and uncertainties

The Group is subject to a number of risks and uncertainties as part of its activities. The Board regularly considers these and seeks to ensure that appropriate processes are in place to manage, monitor and mitigate these risks. The Board included full details of the risk and uncertainties pertinent to the Group on pages 46 to 49 of its Annual Report and Accounts for the year ended 31 January 2024, available at www.corporate.saga.co.uk/investors/results-reports-presentations/.

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

PRUs for which the outlook has worsened

PRU	Reason for change in outlook	Mitigations
Insurance pricing, underwriting and claims	The risk increased primarily in Insurance Broking, due to market-wide headwinds across motor, home and travel insurance.	• Entered exclusive partnership negotiations. • Experienced management and teams. • Continued enhancements to our risk and retail pricing tools and models. • Continuous monitoring of pricing adequacy performance drivers. • Conservative reserving, where best estimate reserves are calculated internally and externally by independent actuaries. • Proactive claims management and settlement. • Reinsurance and coinsurance programme.
Capability and capacity	Ongoing change in the business has put pressure on key subject matter expert resource.	• Optimisation of resource in line with our strategic priorities. • Key resource plans and strategies in place.

PRUs for which the outlook has improved

PRU	Reason for change in outlook
Cyber	There has been significant progress in implementing action plans to reduce the risk exposure.
Breach of Data Protection Act/General Data Protection Regulation	There has been significant progress in implementing action plans to reduce the risk exposure.

Condensed consolidated income statement for the period ended 31 July 2024

	Note	**Unaudited 6m to Jul 2024 £m**	Unaudited 6m to Jul 2023 £m	12m to Jan 2024 £m
Revenue from Cruise and Travel services	3	226.8	196.9	410.0
Revenue from Insurance Broking services	3	60.5	62.5	128.7
Other revenue (non-Insurance Underwriting)	3	14.8	13.5	24.8
Non-insurance revenue	3	302.1	272.9	563.5
Insurance revenue	3	102.7	85.2	177.6
Total revenue	3	**404.8**	**358.1**	**741.1**
Increase in credit loss allowance		–	(0.1)	–
Other cost of sales		(157.2)	(143.2)	(301.1)
Cost of sales (non-Insurance Underwriting)	3	**(157.2)**	**(143.3)**	**(301.1)**
Gross profit (non-Insurance Underwriting)		**144.9**	**129.6**	**262.4**
Insurance service expenses	15	(93.4)	(114.8)	(249.2)
Net (expense)/income from reinsurance contracts	15	(8.2)	19.3	40.2
Insurance service result		**1.1**	**(10.3)**	**(31.4)**
Other income		–	–	5.0
Administrative and selling expenses		(94.9)	(101.8)	(214.2)
Increase in credit loss allowance		(0.7)	(0.3)	(1.1)
Impairment of non-financial assets		(138.3)	(68.1)	(118.6)
Net finance expense from insurance contracts	15	(4.9)	(7.6)	(3.5)
Net finance income from reinsurance contracts	15	3.2	4.2	1.9
Net profit/(loss) on disposal of property, plant and equipment and software		0.1	(0.1)	(0.5)
Investment income		9.2	0.3	15.4
Finance costs		(23.7)	(23.7)	(44.4)
Loss before tax		**(104.0)**	**(77.8)**	**(129.0)**
Tax (expense)/credit	4	(2.1)	6.8	16.0
Loss for the period		**(106.1)**	**(71.0)**	**(113.0)**
Attributable to:				
Equity holders of the parent		(106.1)	(71.0)	(113.0)
Loss per share:				
Basic	6	(75.9p)	(50.9p)	(80.8p)
Diluted	6	(75.9p)	(50.9p)	(80.8p)

Condensed consolidated statement of comprehensive income for the period ended 31 July 2024

	Unaudited 6m to Jul 2024 £m	Unaudited 6m to Jul 2023 £m	12m to Jan 2024 £m
Loss for the period	**(106.1)**	**(71.0)**	**(113.0)**
Other comprehensive income			
Other comprehensive income that may be reclassified to the income statement in subsequent periods			
Net losses on hedging instruments during the period	(0.8)	(1.7)	(1.3)
Recycling of previous losses to income statement on matured hedges	0.4	1.3	1.0
Total net losses on cash flow hedges	(0.4)	(0.4)	(0.3)
Associated tax effect	–	0.7	0.6
Total other comprehensive (losses)/income with recycling to income statement	(0.4)	0.3	0.3
Other comprehensive income that will not be reclassified to the income statement in subsequent periods			
Remeasurement losses on defined benefit plan	(3.4)	(1.4)	(41.1)
Associated tax effect	0.9	0.3	10.3
Total other comprehensive losses without recycling to income statement	(2.5)	(1.1)	(30.8)
Total other comprehensive losses	**(2.9)**	**(0.8)**	**(30.5)**
Total comprehensive losses for the period	**(109.0)**	**(71.8)**	**(143.5)**
Attributable to:			
Equity holders of the parent	**(109.0)**	**(71.8)**	**(143.5)**

Condensed consolidated statement of financial position as at 31 July 2024

	Note	**Unaudited As at 31 Jul 2024 £m**	Unaudited As at 31 Jul 2023 £m	As at 31 Jan 2024 £m
Assets				
Goodwill	8	206.4	381.5	344.7
Intangible assets	9	63.8	57.9	60.7
Property, plant and equipment	10	583.6	601.2	593.4
Right-of-use assets	11	28.6	30.7	24.6
Financial assets	12	257.8	242.5	252.2
Current tax assets		4.6	4.7	4.8
Deferred tax assets	4	51.4	30.7	49.4
Reinsurance contract assets	15	173.7	147.9	173.2
Inventories		7.9	7.7	8.1
Trade and other receivables		144.4	134.3	127.7
Trust and escrow accounts		56.6	47.2	37.9
Cash and short-term deposits	13	109.3	207.2	188.7
Assets held for sale	19	17.4	31.2	17.4
Total assets		**1,705.5**	**1,924.7**	**1,882.8**
Liabilities				
Retirement benefit scheme liability	14	46.5	8.0	47.9
Insurance contract liabilities	15	396.3	353.6	399.3
Provisions		2.4	9.4	8.0
Financial liabilities	12	727.9	863.7	828.4
Deferred tax liabilities	4	17.6	11.7	14.6
Contract liabilities		190.7	184.0	159.8
Trade and other payables		207.7	200.1	201.3
Total liabilities		**1,589.1**	**1,630.5**	**1,659.3**
Equity				
Issued capital	17	21.5	21.1	21.3
Share premium		648.3	648.3	648.3
Own shares held reserve		(1.4)	(1.0)	(1.2)
Retained deficit		(559.6)	(381.7)	(452.5)
Share–based payment reserve		10.9	10.4	10.5
Hedging reserve		(3.3)	(2.9)	(2.9)
Total equity		**116.4**	**294.2**	**223.5**
Total equity and liabilities		**1,705.5**	**1,924.7**	**1,882.8**

Condensed consolidated statement of changes in equity for the period ended 31 July 2024

	Attributable to the equity holders of the parent						
	Issued capital £m	Share premium £m	Own shares held reserve £m	Retained (deficit)/ earnings £m	Share-based payment reserve £m	Hedging reserve £m	Total equity £m
Unaudited							
At 1 February 2024	**21.3**	**648.3**	**(1.2)**	**(452.5)**	**10.5**	**(2.9)**	**223.5**
Loss for the period	–	–	–	(106.1)	–	–	(106.1)
Other comprehensive losses excluding recycling	–	–	–	(2.5)	–	(0.8)	(3.3)
Recycling of previous losses to income statement	–	–	–	–	–	0.4	0.4
Total comprehensive losses	–	–	–	(108.6)	–	(0.4)	(109.0)
Issue of share capital (Note 17)	0.2	–	(0.2)	–	–	–	–
Share-based payment charge	–	–	–	–	1.9	–	1.9
Transfer upon vesting of share options	–	–	–	1.5	(1.5)	–	–
At 31 July 2024	**21.5**	**648.3**	**(1.4)**	**(559.6)**	**10.9**	**(3.3)**	**116.4**
Unaudited							
At 1 February 2023	**21.1**	**648.3**	**–**	**(309.7)**	**8.9**	**(3.2)**	**365.4**
Loss for the period	–	–	–	(71.0)	–	–	(71.0)
Other comprehensive (losses)/income excluding recycling	–	–	–	(1.1)	–	1.1	–
Recycling of previous gains to income statement	–	–	–	–	–	(0.8)	(0.8)
Total comprehensive (losses)/income	–	–	–	(72.1)	–	0.3	(71.8)
Share-based payment charge	–	–	–	–	2.4	–	2.4
Own shares transferred	–	–	(1.0)	(0.8)	–	–	(1.8)
Transfer upon vesting of share options	–	–	–	0.9	(0.9)	–	–
At 31 July 2023	**21.1**	**648.3**	**(1.0)**	**(381.7)**	**10.4**	**(2.9)**	**294.2**

Condensed consolidated statement of changes in equity for the period ended 31 July 2024 (continued)

	Attributable to the equity holders of the parent						
	Issued capital £m	Share premium £m	Own shares held reserve £m	Retained (deficit)/ earnings £m	Share-based payment reserve £m	Hedging reserve £m	Total equity £m
At 1 February 2023	**21.1**	**648.3**	–	**(309.7)**	**8.9**	**(3.2)**	**365.4**
Loss for the period	–	–	–	(113.0)	–	–	(113.0)
Other comprehensive losses excluding recycling	–	–	–	(30.8)	–	(0.8)	(31.6)
Recycling of previous losses to income statement	–	–	–	–	–	1.1	1.1
Total comprehensive (losses)/income	–	–	–	(143.8)	–	0.3	(143.5)
Issue of share capital (Note 17)	0.2	–	–	–	–	–	0.2
Share-based payment charge	–	–	–	–	3.4	–	3.4
Own shares transferred	–	–	(1.2)	(0.8)	–	–	(2.0)
Transfer upon vesting of share options	–	–	–	1.8	(1.8)	–	–
At 31 January 2024	**21.3**	**648.3**	**(1.2)**	**(452.5)**	**10.5**	**(2.9)**	**223.5**

Condensed consolidated statement of cash flows for the period ended 31 July 2024

	Note	**Unaudited 6m to Jul 2024 £m**	Unaudited 6m to Jul 2023 £m	12m to Jan 2024 £m
Loss before tax		(104.0)	(77.8)	(129.0)
Depreciation, impairment and loss on disposal, of property, plant and equipment and right-of-use assets		14.7	18.0	35.1
Amortisation and impairment of intangible assets and goodwill, and profit or loss on disposal of software		143.0	72.4	117.2
Impairment of assets held for sale		–	–	10.4
Share-based payment transactions		1.9	1.6	3.4
Net finance expense from insurance contracts	15	4.9	7.6	3.5
Net finance income from reinsurance contracts	15	(3.2)	(4.2)	(1.9)
Finance costs		23.7	23.7	44.4
Interest income from investments		(9.2)	(0.3)	(15.4)
Increase in trust and escrow accounts		(18.7)	(11.0)	(1.7)
Movements in other assets and liabilities		3.1	37.6	40.8
		56.2	67.6	106.8
Investment income interest received		6.5	5.0	11.9
Interest paid		(19.9)	(20.7)	(38.2)
Income tax received		–	–	3.2
Net cash flows from operating activities		**42.8**	**51.9**	**83.7**
Investing activities				
Proceeds from sale of property, plant and equipment and right-of-use assets		0.1	–	–
Purchase of, and payments for the construction of, property, plant and equipment, and intangible assets		(9.9)	(14.4)	(26.7)
Disposal of financial assets		6.7	26.6	56.4
Purchase of financial assets		–	(11.8)	(11.7)
Net cash flows (used in)/from investing activities		**(3.1)**	**0.4**	**18.0**
Financing activities				
Payment of principal portion of lease liabilities		(3.6)	(6.7)	(11.6)
Proceeds from borrowings	16	75.0	–	–
Repayment of borrowings	16	(181.1)	(31.1)	(62.2)
Net cash flows used in financing activities		**(109.7)**	**(37.8)**	**(73.8)**
Net (decrease)/increase in cash and cash equivalents		**(70.0)**	**14.5**	**27.9**
Cash and cash equivalents at the start of the period		219.6	191.7	191.7
Cash and cash equivalents at the end of the period	13	**149.6**	**206.2**	**219.6**

Notes to the condensed consolidated interim financial statements

1 Corporate information

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

The condensed consolidated interim financial statements of Saga plc and the entities controlled by the Company (its subsidiaries, collectively **Saga Group** or the **Group**) for the six-month period ended 31 July 2024 were authorised for issue in accordance with a resolution of the Directors on 10 October 2024.

2.1 Basis of preparation

These financial statements comprise the condensed consolidated interim financial statements (the **financial statements**) of the Group for the six-month period to 31 July 2024.

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

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

The financial statements are prepared in accordance with the Disclosure and Transparency Rules (**DTR**) of the Financial Conduct Authority (**FCA**) and in accordance with International Accounting Standard (**IAS**) 34 'Interim Financial Reporting' as adopted for use in the UK. The material accounting policies applied by the Group are set out in the Annual Report and Accounts for the year ended 31 January 2024, as referenced in Note 2.3. These are consistent with International Financial Reporting Standards (**IFRS**), as issued by the International Accounting Standards Board and adopted by the UK Endorsement Board for use in the United Kingdom.

The financial statements are unaudited but have been reviewed by KPMG LLP and include their review conclusion. The financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The results from the year ended 31 January 2024 were taken from the Group's Annual Report and Accounts for that year. Therefore, these financial statements should be read in conjunction with the Annual Report and Accounts for the year ended 31 January 2024 that were prepared in accordance with UK-adopted International Accounting Standards.

Statutory financial statements for the year ended 31 January 2024 were delivered to the Registrar of Companies. The auditor's report on those financial statements: (i) was unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not constitute a statement under Section 498 (2) or (3) of the Companies Act 2006.

2.2 Basis of consolidation

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

Notes to the condensed consolidated interim financial statements (continued)

2.3 Summary of material accounting policies

The financial statements for the period ended 31 July 2024 were prepared, applying the same accounting policies that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 January 2024.

Full details of the accounting policies of the Group can be found in the Annual Report and Accounts for the year ended 31 January 2024, available at www.corporate.saga.co.uk.

2.4 Standards issued but not yet effective

The following is a list of standards, and amendments to standards, that are in issue but are not effective or adopted as at 31 July 2024.

a) Lack of exchangeability (amendments to IAS 21)

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

b) IFRS 18 'Presentation and Disclosures in Financial Statements'

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. IFRS 18 will replace IAS 1 'Presentation of Financial Statements'. IFRS 18 introduces three defined categories for income and expenses: operating, investing and financing; to improve the structure of the income statement, and requires all companies to provide new defined subtotals, including operating profit. The standard is effective for annual reporting periods beginning on, or after, 1 January 2027. The impact of these amendments on the Group's financial statements is still being assessed. The standard is not currently endorsed by the UK Endorsement Board.

c) Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'. The standard is effective for annual reporting periods beginning on, or after, 1 January 2026. The amendments are not expected to have a material impact on the Group's financial statements. The amendments are not currently endorsed by the UK Endorsement Board.

2.5 First time adoption of new standards and amendments

The following is a list of standards, and amendments to standards, that became effective, or were adopted, for the first time during the period ended 31 July 2024.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due, or potentially due, to be settled within one year) or non-current. The amendments are effective for annual periods beginning on, or after, 1 January 2024. The amendments had no effect on the Group's financial statements.

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

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is effective for annual reporting periods beginning on, or after, 1 January 2024. The amendments had no effect on the Group's financial statements.

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

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for annual reporting periods beginning on, or after, 1 January 2024. The amendments had no effect on the Group's financial statements.

d) Non-current liabilities with covenants (amendments to IAS 1)

The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual reporting periods beginning on, or after, 1 January 2024. The amendments had no effect on the Group's financial statements.

2.6 Significant accounting judgements, estimates and assumptions

Full details of significant accounting judgements, estimates and assumptions used in the application of the Group's accounting policies can be found in the Annual Report and Accounts for the year ended 31 January 2024, available at www.corporate.saga.co.uk. There were no changes to the principles in these critical accounting estimate and judgement areas during the six months ended 31 July 2024.

2.7 Going concern

The Directors have performed an assessment of going concern to determine the adequacy of the Group's financial resources over a period of 16 months from the date of signing these financial statements; a period selected to include consideration of the final covenant test date, at 31 January 2026, of the Group's £50.0m Revolving Credit Facility (**RCF**).

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

The Group's base case modelling assumes continued strong performance in the Cruise division on the back of high load factors and per diems. Travel is also expected to achieve continued growth in profits. The Insurance business, however, continues to experience challenge from high inflation in the net rates charged by partners on our underwriting panel, which puts pressure on Broking margins in a competitive consumer marketplace.

The Group's severe but plausible stressed scenario incorporates lower load factors for Ocean Cruise, lower levels of demand in River Cruise, and slower growth in the Travel business. Downside risks modelled for the Insurance business reflect the possibility that planned actions to limit inflation of underwriting net rates do not deliver the expected benefits.

As a result of actions undertaken by management to reduce the administrative overhead and central cost base last year, both scenarios include an assumption that the ensuant levels of savings are maintained throughout the assessment period.

Following the repayment of the £150.0m senior bonds in May of this year, the Group now operates with a lower level of Available Cash[1]. This has reduced the Group's ability to withstand possible events that are beyond those contemplated in the severe but plausible stressed scenario modelled. Notwithstanding this, the Group expects to meet scheduled Ocean Cruise debt principal repayments as they fall due over the next 16 months, and to also meet the financial covenants relating to its secured Cruise debt.

In addition, in both the base case and the stressed scenario, the £50.0m RCF is forecast to remain available for the Group to access throughout the assessment period, ensuring the Group has sufficient resources to continue in operation for at least the next 16 months.

Noting that it is not possible to accurately predict all possible future risks to the Group's trading, based on this analysis and the scenarios modelled, the Directors concluded that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 16 months from the date of approval of the condensed consolidated interim financial statements. They have, therefore, deemed it appropriate to prepare the financial statements for 31 July 2024 on a going concern basis.

[1] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

3 Segmental information

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

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

Segment performance is evaluated using the Group's key performance measure of Underlying Profit Before Tax[2]. Items not allocated to a segment relate to transactions that do not form part of the ongoing segment performance or which are managed at a Group level.

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

All revenue is generated solely in the UK.

Seasonality

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

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

Typically, increased holiday departures in the shoulder months of May, June and September and low departure volumes during July and August create seasonal fluctuations in the profit of the Cruise and Travel segment.

[2] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Notes to the condensed consolidated interim financial statements (continued)

3 Segmental information (continued)

Unaudited 6m to Jul 2024	Cruise and Travel £m	Insurance Motor broking £m	Insurance Home broking £m	Insurance Other broking £m	Insurance Under-writing £m	Insurance Total £m	Other Businesses and Central Costs £m	Adjustments £m	Total £m
Non-insurance revenue	226.8	22.1	21.0	17.4	4.9	65.4	12.3	(2.4)	302.1
Insurance revenue	–	5.1[3]	–	0.5	97.1	102.7	–	–	102.7
Revenue	**226.8**	**27.2**	**21.0**	**17.9**	**102.0**	**168.1**	**12.3**	**(2.4)**	**404.8**
Cost of sales (non-Insurance Underwriting)	(149.7)	(8.3)	–	4.0	–	(4.3)	(3.2)	–	(157.2)
Gross profit/(loss) (non-Insurance Underwriting)	**77.1**	**13.8**	**21.0**	**21.4**	**4.9**	**61.1**	**9.1**	**(2.4)**	**144.9**
Insurance service expenses	–	(11.4)	–	–	(82.0)	(93.4)	–	–	(93.4)
Net income from reinsurance contracts	–	(0.3)	–	–	(7.9)	(8.2)	–	–	(8.2)
Insurance service result	–	**(6.6)**	–	**0.5**	**7.2**	**1.1**	–	–	**1.1**
Administrative and selling expenses	(38.1)	(10.7)	(15.4)	(16.6)	–	(42.7)	(17.2)	2.4	(95.6)
Impairment of non-financial assets	–	–	–	–	–	–	–	(138.3)	(138.3)
Net finance expense from insurance contracts	–	–	–	–	(4.9)	(4.9)	–	–	(4.9)
Net finance income from reinsurance contracts	–	–	–	–	3.2	3.2	–	–	3.2
Net loss on disposal of property, plant and equipment	0.1	–	–	–	–	–	–	–	0.1
Investment income	0.8	0.5	–	–	7.2	7.7	0.7	–	9.2
Finance costs	(9.5)	–	–	–	–	–	(14.2)	–	(23.7)
Profit/(loss) before tax	**30.4**	**(3.0)**	**5.6**	**5.3**	**17.6**	**25.5**	**(21.6)**	**(138.3)**	**(104.0)**
Reconciliation to Underlying Profit/(Loss) Before Tax[4]									
Profit/(loss) before tax	**30.4**	**(3.0)**	**5.6**	**5.3**	**17.6**	**25.5**	**(21.6)**	**(138.3)**	**(104.0)**
Net fair value loss on derivative financial instruments	0.6	–	–	–	–	–	–	–	0.6
Impairment of goodwill	–	–	–	–	–	–	–	138.3	138.3
Costs associated with Roger De Haan loan facility	–	–	–	–	–	–	1.2	–	1.2
Restructuring costs	0.6	1.2	–	–	0.1	1.3	2.3	–	4.2
Foreign exchange movement on river cruise lease liabilities	(0.5)	–	–	–	–	–	–	–	(0.5)
Fair value gains on debt securities	–	–	–	–	(2.7)	(2.7)	–	–	(2.7)
Changes in underwriting discount rates on non-periodical payment order (**PPO**) liabilities	–	–	–	–	(0.3)	(0.3)	–	–	(0.3)
Onerous contract provisions	–	3.1	–	–	(12.8)	(9.7)	–	–	(9.7)
IFRS 16 adjustment on river cruise vessels	0.1	–	–	–	–	–	–	–	0.1
Underlying Profit/(Loss) Before Tax[4]	**31.2**	**1.3**	**5.6**	**5.3**	**1.9**	**14.1**	**(18.1)**	**–**	**27.2**

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

[4] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Notes to the condensed consolidated interim financial statements (continued)

3 Segmental information (continued)

Unaudited 6m to Jul 2023	Insurance								
	Cruise and Travel £m	Motor broking £m	Home broking £m	Other broking £m	Under-writing £m	Total £m	Other Businesses and Central Costs £m	Adjustments £m	Total £m
Non-insurance revenue	196.9	14.1	26.7	21.7	3.5	66.0	12.9	(2.9)	272.9
Insurance revenue	–	9.8[5]	–	0.4	75.0	85.2	–	–	85.2
Revenue	**196.9**	**23.9**	**26.7**	**22.1**	**78.5**	**151.2**	**12.9**	**(2.9)**	**358.1**
Cost of sales (non-Insurance Underwriting)	(139.6)	(4.2)	–	3.8	–	(0.4)	(3.3)	–	(143.3)
Gross profit/(loss) (non-Insurance Underwriting)	**57.3**	**9.9**	**26.7**	**25.5**	**3.5**	**65.6**	**9.6**	**(2.9)**	**129.6**
Insurance service expenses	–	(13.6)	–	–	(101.2)	(114.8)	–	–	(114.8)
Net income from reinsurance contracts	–	0.2	–	–	19.1	19.3	–	–	19.3
Insurance service result	–	**(3.6)**	–	**0.4**	**(7.1)**	**(10.3)**	–	–	**(10.3)**
Administrative and selling expenses	(35.0)	(10.5)	(18.1)	(13.6)	–	(42.2)	(27.7)	2.8	(102.1)
Impairment of non-financial assets	–	–	–	–	–	–	–	(68.1)	(68.1)
Net finance expense from insurance contracts	–	–	–	–	(7.6)	(7.6)	–	–	(7.6)
Net finance income from reinsurance contracts	–	–	–	–	4.2	4.2	–	–	4.2
Net loss on disposal of property, plant and equipment	(0.1)	–	–	–	–	–	–	–	(0.1)
Investment income/(loss)	0.1	0.1	–	–	(0.5)	(0.4)	0.6	–	0.3
Finance costs	(11.2)	–	–	–	–	–	(12.5)	–	(23.7)
Profit/(loss) before tax	**11.1**	**(4.1)**	**8.6**	**12.3**	**(7.5)**	**9.3**	**(30.0)**	**(68.2)**	**(77.8)**
Reconciliation to Underlying Profit/(Loss) Before Tax[6]									
Profit/(loss) before tax	**11.1**	**(4.1)**	**8.6**	**12.3**	**(7.5)**	**9.3**	**(30.0)**	**(68.2)**	**(77.8)**
Net fair value loss on derivative financial instruments	0.9	–	–	–	–	–	–	–	0.9
Impairment of goodwill	–	–	–	–	–	–	–	68.1	68.1
Arrangement fee on Roger De Haan loan facility	–	–	–	–	–	–	1.0	–	1.0
Restructuring costs	0.9	–	–	–	–	–	5.0	–	5.9
Acquisition costs relating to the Big Window Consulting Limited (the **Big Window**)	–	–	–	–	–	–	–	0.1	0.1
Foreign exchange movement on river cruise lease liabilities	(0.6)	–	–	–	–	–	–	–	(0.6)
Fair value losses on debt securities	–	–	–	–	4.8	4.8	–	–	4.8
Changes in underwriting discount rates on non-PPO liabilities	–	–	–	–	(3.1)	(3.1)	–	–	(3.1)
Onerous contract provisions	–	7.0	–	–	2.2	9.2	–	–	9.2
IFRS 16 adjustment on river cruise vessels	(0.5)	–	–	–	–	–	–	–	(0.5)
Underlying Profit/(Loss) Before Tax[6]	**11.8**	**2.9**	**8.6**	**12.3**	**(3.6)**	**20.2**	**(24.0)**	**–**	**8.0**

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

[6] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Notes to the condensed consolidated interim financial statements (continued)

3 Segmental information (continued)

12m to Jan 2024	Insurance								
	Cruise and Travel £m	Motor broking £m	Home broking £m	Other broking £m	Under-writing £m	Total £m	Other Businesses and Central Costs £m	Adjustments £m	Total £m
Non-insurance revenue	410.0	32.3	55.4	41.0	4.8	133.5	25.1	(5.1)	563.5
Insurance revenue	–	12.7[7]	–	0.8	164.1	177.6	–	–	177.6
Revenue	**410.0**	**45.0**	**55.4**	**41.8**	**168.9**	**311.1**	**25.1**	**(5.1)**	**741.1**
Cost of sales (non-Insurance Underwriting)	(292.5)	(8.7)	–	7.9	–	(0.8)	(7.8)	–	(301.1)
Gross profit/(loss) (non-Insurance Underwriting)	**117.5**	**23.6**	**55.4**	**48.9**	**4.8**	**132.7**	**17.3**	**(5.1)**	**262.4**
Insurance service expenses	–	(22.0)	–	–	(227.2)	(249.2)	–	–	(249.2)
Net income from reinsurance contracts	–	0.1	–	–	40.1	40.2	–	–	40.2
Insurance service result	–	**(9.2)**	–	**0.8**	**(23.0)**	**(31.4)**	–	–	**(31.4)**
Other income	5.0	–	–	–	–	–	–	–	5.0
Administrative and selling expenses	(67.7)	(23.7)	(35.7)	(24.7)	–	(84.1)	(68.3)	4.8	(215.3)
Impairment of non-financial assets	–	(1.2)	–	–	(4.1)	(5.3)	(8.4)	(104.9)	(118.6)
Net finance expense from insurance contracts	–	–	–	–	(3.5)	(3.5)	–	–	(3.5)
Net finance income from reinsurance contracts	–	–	–	–	1.9	1.9	–	–	1.9
Net loss on disposal of property, plant and equipment and software	–	(0.1)	–	–	–	(0.1)	(0.4)	–	(0.5)
Investment income	0.8	0.3	–	–	12.1	12.4	2.2	–	15.4
Finance costs	(20.8)	(0.1)	–	–	–	(0.1)	(23.5)	–	(44.4)
Profit/(loss) before tax	**34.8**	**(10.4)**	**19.7**	**25.0**	**(11.8)**	**22.5**	**(81.1)**	**(105.2)**	**(129.0)**
Reconciliation to Underlying Profit/(Loss) Before Tax[8]									
Profit/(loss) profit before tax	**34.8**	**(10.4)**	**19.7**	**25.0**	**(11.8)**	**22.5**	**(81.1)**	**(105.2)**	**(129.0)**
Net fair value loss on derivative financial instruments	1.4	–	–	–	–	–	–	–	1.4
Impairment of goodwill	–	–	–	–	–	–	–	104.9	104.9
Impairment/loss on disposal of assets	–	1.2	–	–	1.9	3.1	8.8	-	11.9
Amortisation of fees and costs on Roger De Haan loan facility	–	–	–	–	–	–	0.4	–	0.4
Restructuring costs	3.4	3.8	–	–	1.4	5.2	31.7	–	40.3
Acquisition and disposal costs relating to the Big Window	–	–	–	–	–	–	–	0.3	0.3
Foreign exchange movement on river cruise lease liabilities	(0.6)	–	–	–	–	–	–	–	(0.6)
Fair value gains on debt securities	–	–	–	–	(3.5)	(3.5)	–	–	(3.5)
Changes in underwriting discount rates on non-PPO liabilities	–	–	–	–	(1.0)	(1.0)	–	–	(1.0)
Onerous contract provision	–	0.5	–	–	11.6	12.1	–	–	12.1
Ocean Cruise discretionary ticket refunds and costs	1.0	–	–	–	–	–	–	–	1.0
Underlying Profit/(Loss) Before Tax[8]	**40.0**	**(4.9)**	**19.7**	**25.0**	**(1.4)**	**38.4**	**(40.2)**	**–**	**38.2**

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

[8] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Notes to the condensed consolidated interim financial statements (continued)

3 Segmental information (continued)

a) Disaggregation of revenue

Unaudited
6m to Jul 2024

		Insurance					
Major product lines	**Cruise and Travel £m**	**Underwriting £m**	**Broking £m**	**Other revenue £m**	**Total Insurance £m**	**Other Businesses and Central Costs £m**	**Total £m**
Ocean Cruise	121.5						121.5
River Cruise and Travel	105.3						105.3
Motor broking		5.1	22.1	–	27.2		27.2
Home broking		–	21.0	–	21.0		21.0
Other broking		0.5	17.4	–	17.9		17.9
Insurance Underwriting		97.1	–	4.9	102.0		102.0
Money						2.8	2.8
Publishing and CustomerKNECT						6.8	6.8
Other						0.3	0.3
	226.8	**102.7**	**60.5**	**4.9**	**168.1**	**9.9**	**404.8**

Unaudited
6m to Jul 2023

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

Notes to the condensed consolidated interim financial statements (continued)

3 Segmental information (continued)

a) Disaggregation of revenue (continued)

12m to Jan 2024

		Insurance					
Major product lines	Cruise and Travel £m	Underwriting £m	Broking £m	Other revenue £m	Total Insurance £m	Other Businesses and Central Costs £m	Total £m
Ocean Cruise	210.0						210.0
River Cruise and Travel	200.0						200.0
Motor broking		12.7	32.3	–	45.0		45.0
Home broking		–	55.4	–	55.4		55.4
Other broking		0.8	41.0	–	41.8		41.8
Insurance Underwriting		164.1	–	4.8	168.9		168.9
Money						6.4	6.4
Publishing and CustomerKNECT						12.5	12.5
Other						1.1	1.1
	410.0	**177.6**	**128.7**	**4.8**	**311.1**	**20.0**	**741.1**

4 Tax

The major components of the income tax expense/(credit) are:

	Unaudited 6m to Jul 2024 £m	Unaudited 6m to Jul 2023 £m	12m to Jan 2024 £m
Condensed consolidated income statement			
Current income tax			
Current income tax charge	–	–	–
Adjustments in respect of previous periods	0.2	(0.3)	(3.6)
	0.2	(0.3)	(3.6)
Deferred tax			
Relating to origination and reversal of temporary differences	2.4	(5.6)	(11.5)
Adjustments in respect of previous periods	(0.5)	(0.9)	(0.9)
	1.9	(6.5)	(12.4)
Tax expense/(credit) in the income statement	**2.1**	**(6.8)**	**(16.0)**

Notes to the condensed consolidated interim financial statements (continued)

4 Tax (continued)

The Group's tax charge for the period was £2.1m (July 2023: £6.8m credit) representing a tax effective rate of 6.1% (July 2023: 70.1%) before the impairment of goodwill. In both the current and prior periods, the difference between the Group's tax effective rate and the standard rate of corporation tax, was mainly due to the Group's Ocean Cruise business being in the tonnage tax regime.

Adjustments in respect of previous periods include adjustments for the over-provision of the tax charge in prior periods of £0.3m (July 2023: £1.2m over-provision).

Reconciliation of net deferred tax assets

	Unaudited 6m to July 2024 £m	Unaudited 6m to Jul 2023 £m	12m to Jan 2024 £m
At 1 February	**34.8**	**11.5**	**11.5**
Tax (charge)/credit recognised in the income statement	(1.9)	6.5	12.4
Tax credit recognised in other comprehensive income	0.9	1.0	10.9
At the end of the period	**33.8**	**19.0**	**34.8**

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

5 Dividends

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

The distributable reserves of Saga plc are in a deficit position as at 31 July 2024, and are equal to the retained earnings reserve. If necessary, its subsidiary companies hold reserves from which a dividend could be paid. Subsidiary distributable reserves are available immediately, with the exception of companies within the River Cruise, Travel and Insurance Underwriting businesses, which require regulatory approval before any dividends can be declared and paid. Under the terms of the Ocean Cruise ship debt facilities, dividends remain restricted until the ship debt principal repayments that were deferred as part of the ship debt repayment holiday are fully repaid (Note 16). In addition, under the terms of the RCF, dividends also remain restricted.

Notes to the condensed consolidated interim financial statements (continued)

6 Loss per share

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

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

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

	Unaudited 6m to Jul 2024 £m	Unaudited 6m to Jul 2023 £m	12m to Jan 2024 £m
Loss attributable to ordinary equity holders	(106.1)	(71.0)	(113.0)
Weighted average number of ordinary shares	**'m**	**'m**	**'m**
Ordinary shares as at 1 February	139.8	139.5	139.5
Movement during the period	–	(0.1)	0.3
Ordinary shares as at the end of the period	139.8	139.4	139.8
Weighted average number of ordinary shares for basic loss per share and diluted loss per share	139.8	139.4	139.8
Basic loss per share	**(75.9p)**	**(50.9p)**	**(80.8p)**
Diluted loss per share	**(75.9p)**	**(50.9p)**	**(80.8p)**

6 Loss per share (continued)

The table below reconciles between basic loss per share and Underlying Basic Earnings Per Share[9]:

	Unaudited 6m to Jul 2024	Unaudited 6m to Jul 2023	12m to Jan 2024
Basic loss per share	**(75.9p)**	**(50.9p)**	**(80.8p)**
Adjusted for:			
Net fair value loss on derivative financial instruments	0.4p	0.2p	0.8p
Impairment, and net loss on disposal, of assets	–	–	6.8p
Impairment of Insurance Broking goodwill	98.9p	48.8p	75.0p
Acquisition and disposal costs relating to the Big Window	–	0.1p	0.2p
Onerous contract provision	(7.1p)	1.9p	6.9p
Amortisation of fees and costs on Roger De Haan loan facility	0.9p	0.2p	0.2p
Foreign exchange movement on lease liabilities	(0.3p)	(0.1p)	(0.4p)
Fair value (gains)/losses on debt securities	(1.9p)	1.0p	(2.0p)
Changes in underwriting discount rates on non-PPO liabilities	(0.2p)	(0.6p)	(0.6p)
Restructuring costs	3.1p	1.2p	23.3p
Ocean Cruise discretionary ticket refunds and associated costs	–	–	0.6p
IFRS 16 lease accounting adjustment on river cruise vessels	–	(0.1p)	–
Underlying Basic Earnings Per Share[9]	**17.9p**	**1.7p**	**30.0p**

7 Business combinations and disposals

a) Acquisitions

There were no business acquisitions in the period ended 31 July 2024 or the period ended 31 July 2023.

b) Disposals

There were no material business disposals in the period ended 31 July 2024 or the period ended 31 July 2023.

[9] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Notes to the condensed consolidated interim financial statements (continued)

8 Goodwill

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

	Unaudited As at 31 Jul 2024 £m	Unaudited As at 31 Jul 2023 £m	As at Jan 2024 £m
Insurance Broking	206.4	381.5	344.7
	206.4	**381.5**	**344.7**

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

On 1 January 2022, new pricing rules arising from the implementation of recommendations included in the FCA's General Insurance Pricing Practices market study came into effect. As a result, and against the background of a highly competitive motor insurance market, the Group saw a fall in policy volumes in the period to 31 July 2023 and year to 31 January 2024. In the periods to 31 July 2024 and 31 July 2023, high claims cost inflation in a competitive market continued to have an adverse impact on the expected future profitability of the Insurance business. Management considered these trading impacts to constitute indicators of impairment and, therefore, conducted full impairment reviews of the Insurance Broking CGU as at 31 July 2023, 31 January 2024 and 31 July 2024.

At each review date, the recoverable amount of the Insurance Broking CGU was determined based on a value-in-use calculation using nominal cash flow projections from the Group's latest five-year financial forecasts to 2028/29, which were derived using past experience of the Group's trading, combined with the anticipated impact of changes in macroeconomic and regulatory factors. A terminal value was calculated using the Gordon Growth Model based on the fifth year of those projections and a terminal growth rate calculated using an assumption of 2.0% (July 2023: 2.0%; January 2024: 2.0%) as the expected long-term target rate of inflation for the UK economy. The cash flows were then discounted to present value using a suitably risk-adjusted nominal discount rate based on a market-participant view of the cost of capital and debt relevant to the insurance industry.

As at 31 July 2024, the pre-tax discount rate used for the Insurance Broking CGU was 14.7% (July 2023: 13.8%; January 2024: 13.0%). The Group's five-year financial forecasts incorporate the modelled impact of the new pricing rules and the estimated impact this will likely have on future new business pricing and retention rates. As per IAS 36.44, incremental cash flows directly attributable to growth initiatives not yet enacted at the statement of financial position date were removed for the purpose of the value-in-use calculation.

The Group also considered the impact of downside stresses, both in terms of adverse impacts to the cash flow projections and to the discount rate. For the cash flow stress test, the Group modelled the impact of a more prudent outlook on the current competitive challenges seen in the insurance broking market, in combination with a more cautious terminal growth rate based on a more conservative assumption of 1.5% (July 2023: 1.5%; January 2024: 1.5%), as the outlook for long-term growth of the UK economy. For the discount rate stress test, the Group applied risk premia of +0.5ppts at 31 July 2024 (July 2023: +0.7ppts; January 2024: +0.2ppts).

Notes to the condensed consolidated interim financial statements (continued)

8 Goodwill (continued)

The deficit of the Insurance Broking CGU against the carrying value of goodwill at the time of the review of £344.7m at 31 July 2024 (after recognising an impairment charge of £36.8m at 31 January 2024), £449.6m at 31 July 2023, and £381.5m at 31 January 2024 (after recognising an impairment charge of £68.1m at 31 July 2023), was as follows:

	(Deficit)/headroom £m								
	Base scenario			Cash flow stress test scenario			Discount rate stress test scenario		
	31 July 2024	31 July 2023	31 January 2024	**31 July 2024**	31 July 2023	31 January 2024	**31 July 2024**	31 July 2023	31 January 2024
Insurance Broking	**(72.0)**	11.6	(17.8)	**(204.5)**	(88.7)	(55.7)	**(81.8)**	(9.8)	(25.0)

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

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

At 31 July 2024, the Group, again, determined that the recoverable amount of the goodwill was below the carrying value, and so the Directors took the decision to impair the goodwill by a further £138.3m, based on a probability weighted assessment of the forecast cash flows modelled.

The (deficit)/headroom calculated is sensitive to the discount rate and terminal growth rate assumed, and to changes in the projected cash flows of the CGU. Increased inflationary pressures on claims, the evolving market response to the regulatory changes introduced in early 2022 and, in particular, the extent to which market prices move against Saga in a period of heightened global economic uncertainty, combine to increase the range of possible cash flow outcomes in management's modelling. A quantitative sensitivity analysis for each of these at 31 July 2024, and its impact on the base scenario (deficit)/headroom against the carrying value of goodwill at the time of the review of £344.7m, is as follows:

	Pre-tax discount rate		Terminal growth rate		Cash flow (annual)	
	+1.0ppt £m	–1.0ppt £m	+1.0ppt £m	–1.0ppt £m	+10% £m	–10% £m
Insurance Broking	(19.0)	22.0	23.2	(18.8)	22.8	(22.8)

Notes to the condensed consolidated interim financial statements (continued)

9 Intangible fixed assets

During the period, the Group capitalised £7.8m (July 2023: £10.9m) of software assets and charged £4.7m (July 2023: £4.3m) of amortisation and impairment to its intangible assets. The Group did not dispose of any assets in the period to 31 July 2024 (July 2023: none).

10 Property, plant and equipment

During the period, the Group capitalised assets with a cost of £1.4m (July 2023: £1.7m), disposed of assets with a net book value of £nil (July 2023: £0.1m) and charged £11.2m (July 2023: £11.4m) of depreciation and impairment to its property, plant and equipment. The profit arising on disposal was £0.1m (July 2023: £0.1m loss).

At 31 July 2024, capital amounts contracted for but not provided for, in the financial statements, amounted to £nil (July 2023: £nil).

Impairment review of property, plant and equipment

The Directors did not consider it necessary to conduct an impairment review of property, plant and equipment at 31 July 2024 since no new indicators of impairment were identified. In the prior period, the Directors concluded that there were no indicators of impairment at 31 July 2023 and, accordingly, no impairment review was deemed necessary.

11 Right-of-use assets

During the period, the Group capitalised assets with a cost of £7.6m (July 2023: £6.5m) and charged £3.6m (July 2023: £6.5m) of depreciation and impairment to its right-of-use assets. The Group did not dispose of any assets in the period to 31 July 2024 (July 2023: none).

Right-of-use assets capitalised in the period ended 31 July 2024 primarily relate to the river cruise ship, Spirit of the Douro. Right-of-use assets capitalised in the period ended 31 July 2023 primarily relate to long leasehold land buildings, vehicles and the river cruise ship, Amadeus Elegant.

At 31 July 2024, the value of lease liabilities contracted for but not provided for in the financial statements in respect of right-of-use assets amounted to £9.9m (July 2023: £nil). This lease commitment relates to the river cruise vessel, Spirit of the Moselle.

Impairment review of right-of-use assets

The Group did not consider it necessary to conduct an impairment review of right-of-use assets as at 31 July 2024 since no new indicators of impairment were identified. In the prior period, the Directors concluded that there were no indicators of impairment at 31 July 2023 and, accordingly, no impairment review was deemed necessary.

Notes to the condensed consolidated interim financial statements (continued)

12 Financial assets and financial liabilities

a) Financial assets

	Note	**Unaudited As at 31 Jul 2024 £m**	Unaudited As at 31 Jul 2023 £m	As at 31 Jan 2024 £m
Fair value through profit and loss (FVTPL)				
Foreign exchange forward contracts		–	0.1	–
Money market funds	13	42.5	0.7	32.8
Debt securities		215.1	230.2	219.1
		257.6	**231.0**	**251.9**
FVTPL designated in a hedging relationship				
Foreign exchange forward contracts		–	0.2	–
Fuel oil swaps		0.2	0.8	0.3
		0.2	**1.0**	**0.3**
Amortised cost				
Deposits with financial institutions		–	10.5	–
		–	**10.5**	**–**
Total financial assets		**257.8**	**242.5**	**252.2**
Current		107.8	33.6	74.1
Non-current		150.0	208.9	178.1
		257.8	**242.5**	**252.2**

The Group's financial assets are analysed by Moody's credit risk rating on page 25 of the Group Chief Financial Officer's Review.

12 Financial assets and financial liabilities (continued)

b) Financial liabilities

	Note	**Unaudited As at 31 Jul 2024 £m**	Unaudited As at 31 Jul 2023 £m	As at 31 Jan 2024 £m
FVTPL				
Foreign exchange forward contracts		0.8	0.7	0.5
		0.8	**0.7**	**0.5**
FVTPL designated in a hedging relationship				
Foreign exchange forward contracts		3.3	3.8	2.7
Fuel oil swaps		0.5	0.4	0.8
		3.8	**4.2**	**3.5**
Amortised cost				
Bonds, ship loans and loan facility with Roger De Haan	16	691.3	825.3	796.2
Lease liabilities		29.8	31.8	26.3
Bank overdrafts	13	2.2	1.7	1.9
		723.3	**858.8**	**824.4**
Total financial liabilities		**727.9**	**863.7**	**828.4**
Current		72.6	226.3	238.2
Non-current		655.3	637.4	590.2
		727.9	**863.7**	**828.4**

12 Financial assets and financial liabilities (continued)

c) Fair value hierarchy

	Unaudited As at 31 Jul 2024				Unaudited As at 31 Jul 2023			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
	£m	£m	£m	**£m**	£m	£m	£m	**£m**
Financial assets measured at fair value								
Foreign exchange forwards	–	–	–	**–**	–	0.3	–	**0.3**
Fuel oil swaps	–	0.2	–	**0.2**	–	0.8	–	**0.8**
Debt securities	215.1	–	–	**215.1**	230.2	–	–	**230.2**
Money market funds	42.5	–	–	**42.5**	0.7	–	–	**0.7**
Financial liabilities measured at fair value								
Foreign exchange forwards	–	4.1	–	**4.1**	–	4.5	–	**4.5**
Fuel oil swaps	–	0.5	–	**0.5**	–	0.4	–	**0.4**
Financial assets for which fair values are disclosed								
Deposits with institutions	–	–	–	**–**	–	10.5	–	**10.5**
Financial liabilities for which fair values are disclosed								
Bonds, ship loans and loan facility with Roger De Haan	233.6	424.3	–	**657.9**	–	750.9	–	**750.9**
Lease liabilities	–	29.8	–	**29.8**	–	31.8	–	**31.8**
Bank overdrafts	–	2.2	–	**2.2**	–	1.7	–	**1.7**

	As at 31 Jan 2024			
	Level 1	Level 2	Level 3	**Total**
	£m	£m	£m	**£m**
Financial assets measured at fair value				
Fuel oil swaps	–	0.3	–	**0.3**
Debt securities	219.1	–	–	**219.1**
Money market funds	32.8	–	–	**32.8**
Financial liabilities measured at fair value				
Foreign exchange forwards	–	3.2	–	**3.2**
Fuel oil swaps	–	0.8	–	**0.8**
Financial liabilities for which fair values are disclosed				
Bonds and ship loans	356.3	356.1	–	**712.4**
Lease liabilities	–	26.3	–	**26.3**
Bank overdrafts	–	1.9	–	**1.9**

Full details of the valuation techniques and inputs used to develop fair value measurements can be found in the Annual Report and Accounts for the year ended 31 January 2024. The fair value of the loan facility provided by Roger De Haan is considered not to be materially different from the carrying amount, since the interest payable on it is close to current market rates.

Notes to the condensed consolidated interim financial statements (continued)

12 Financial assets and financial liabilities (continued)

d) Other information

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

There were no transfers between Level 1 and Level 2 and no non-recurring fair value measurements of assets and liabilities during the period (July 2023: none).

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

The Group operates a programme of economic hedging against its foreign currency and fuel oil exposures. During the period, the Group designated 172 (July 2023: 139) foreign exchange forward currency contracts as hedges of highly probable foreign currency cash expenses in future periods and designated 20 (July 2023: 20) fuel oil swaps as hedges of highly probable fuel oil purchases in future periods. At 31 July 2024, the Group had designated 266 (July 2023: 375) forward currency contracts and 61 (July 2023: 70) fuel oil swaps as hedges.

During the period, the Group recognised net losses of £0.8m (July 2023: net losses of £1.7m) on cash flow hedging instruments through other comprehensive income (**OCI**) into the hedging reserve. The Group recognised £0.3m gains (July 2023: £nil gains) through the income statement in respect of the ineffective portion of hedges measured during the period.

During the period, the Group de-designated 11 (July 2023: one) foreign currency forward contracts, with a transaction value of £7.5m (July 2023: £nil), where the forecast cash flows were no longer expected to occur with a sufficiently high degree of certainty to meet the requirements of IFRS 9. The accumulated losses in relation to these contracts of £0.2m (July 2023: £nil) was reclassified from the hedging reserve into profit or loss during the period. The Group did not de-designate any fuel oil swaps during the period (July 2023: nil). During the period, the Group recognised a £0.4m loss (July 2023: £1.3m loss) through the income statement in respect of matured hedges which were recycled from OCI.

Notes to the condensed consolidated interim financial statements (continued)

13 Cash and cash equivalents

	Unaudited As at 31 Jul 2024 £m	Unaudited As at 31 Jul 2023 £m	As at 31 Jan 2024 £m
Cash at bank and in hand	70.8	84.3	57.8
Short-term deposits	38.5	122.9	130.9
Cash and short-term deposits	**109.3**	**207.2**	**188.7**
Money markets funds (Note 12a)	42.5	0.7	32.8
Bank overdraft (Note 12b)	(2.2)	(1.7)	(1.9)
Cash and cash equivalents in the cash flow statement	**149.6**	**206.2**	**219.6**

Included within cash and cash equivalents are amounts held by the Group's River Cruise, Travel and Insurance businesses, which are subject to contractual or regulatory restrictions. These amounts are not readily available to be used for other purposes within the Group and total £63.3m (July 2023: £25.5m). Available Cash[10] excludes these amounts.

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

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

[10] Refer to the Alternative Performance Measures Glossary on pages 75-77 for definition and explanation

Notes to the condensed consolidated interim financial statements (continued)

14 Retirement benefit schemes

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

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

a) Defined contribution schemes

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

b) Defined benefit plan

The Group operated a funded defined benefit scheme, the Saga Pension Scheme, which was closed to future accrual on 31 October 2021. From 1 November 2021, members moved from active to deferred status, with future indexation of deferred pensions before retirement measured by reference to the Consumer Price Index. There will be no further service charges relating to the scheme and no future monthly employer contributions for current service.

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

	Unaudited As at 31 Jul 2024 £m	Unaudited As at 31 Jul 2023 £m	As at 31 Jan 2024 £m
Fair value of scheme assets	210.4	208.5	204.5
Present value of defined benefit obligation	(256.9)	(216.5)	(252.4)
Defined benefit scheme liability	**(46.5)**	**(8.0)**	**(47.9)**

The present value of the defined benefit obligation at 31 January 2024 was measured using the projected unit credit method. Liabilities at 31 July 2024 were estimated by rolling forward from 31 January 2024, allowing for changes in market conditions and estimating the value of benefits accrued and paid out over the period. In addition, the net liability position at 31 July 2024, consistent with the position at 31 January 2024, is based upon updated data from the 31 January 2023 triennial actuarial valuation, which is in progress.

During the period ended 31 July 2024, the net liability position of the Saga Scheme reduced by £1.4m, resulting in an overall scheme deficit of £46.5m, mainly as a result of a recovery plan contribution being paid by the Group, although this has been partially offset by higher-than-expected inflation experience. The £5.8m deficit funding contribution was paid by the Group in February 2024 in relation to a recovery plan agreed under the latest triennial valuation of the scheme at 31 January 2020.

The movements observed in the scheme's assets and obligations were impacted by macroeconomic factors during the period where, at a global level, there have been rising inflation and cost of living pressures, as well as shifts in long-term market yields. The present value of defined benefit obligations increased by £4.5m to £256.9m, primarily due to higher-than-expected inflation experience and an increase in future expectations for inflation. The fair value of scheme assets increased by £5.9m, to £210.4m. The increase in asset values was largely driven by the recovery plan payment, alongside marginally lower returns on assets from the fall in interest rates in the period.

Notes to the condensed consolidated interim financial statements (continued)

14 Retirement benefit schemes (continued)

b) Defined benefit plan (continued)

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial Section 37 certificate confirmation. While the ruling only applied to the specific pension scheme in question, it could be expected to apply across other pension schemes that were contracted out on a salary-related basis and made amendments between 6 April 1997 and 6 April 2016. The ruling was appealed but, in July 2024, the Court of Appeal dismissed the appeal. The Group is considering the implications of the case on its defined benefit scheme. At 31 July 2024, the defined benefit obligation for the Group's scheme was calculated on the basis of the pension benefits currently being administered. The Group has not, as yet, assessed any likely impact due to the court ruling. Any subsequent developments following the Court of Appeal's judgement will be monitored by the Group.

15 Insurance and reinsurance contract liabilities and assets

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component £m	Loss component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
As at 1 February 2024					
Insurance contract liabilities	**(56.6)**	**(16.1)**	**(286.4)**	**(40.2)**	**(399.3)**
Insurance revenue	102.7	–	–	–	102.7
Incurred claims and related expenses	–	12.7	(76.3)	(6.0)	(69.6)
Changes to liabilities for incurred claims	–	–	(1.8)	0.4	(1.4)
Insurance acquisition cash flows expensed	(11.9)	–	–	–	(11.9)
Losses on onerous contracts and reversals of those losses	–	(4.2)	–	–	(4.2)
Other incurred insurance service expenses	–	–	(6.3)	–	(6.3)
Insurance service expenses	(11.9)	8.5	(84.4)	(5.6)	(93.4)
Insurance finance expense	–	–	(4.3)	(0.6)	(4.9)
Total changes in the income statement	**90.8**	**8.5**	**(88.7)**	**(6.2)**	**4.4**
Cash flows					
Premiums received	(99.4)	–	–	–	(99.4)
Insurance acquisition cash flows incurred	11.9	–	–	–	11.9
Claims and other expenses paid	–	–	86.1	–	86.1
Total cash flows	**(87.5)**	**–**	**86.1**	**–**	**(1.4)**
Unaudited As at 31 July 2024					
Insurance contract liabilities	**(53.3)**	**(7.6)**	**(289.0)**	**(46.4)**	**(396.3)**

15 Insurance and reinsurance contract liabilities and assets (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss-recovery component £m	Loss-recovery component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
As at 1 February 2024					
Reinsurance contract (liabilities)/assets	**(3.1)**	**1.3**	**141.3**	**33.7**	**173.2**
Allocation of reinsurance premiums	**(9.0)**	**–**	**–**	**–**	**(9.0)**
Amounts recoverable for incurred claims and other expenses	–	(1.6)	(3.1)	2.5	(2.2)
Changes to amounts recoverable for incurred claims	–	–	(1.6)	2.9	1.3
Loss-recovery on onerous underlying contracts and adjustments	–	0.7	–	–	0.7
Effect of changes in the risk of non-performance of reinsurance contracts	–	–	1.0	–	1.0
Net (expense)/income from reinsurance contracts	(9.0)	(0.9)	(3.7)	5.4	(8.2)
Reinsurance finance income	–	–	2.6	0.6	3.2
Total changes in the income statement	**(9.0)**	**(0.9)**	**(1.1)**	**6.0**	**(5.0)**
Cash flows					
Premiums paid	6.9	–	–	–	6.9
Amounts received	–	–	(1.4)	–	(1.4)
Total cash flows	**6.9**	**–**	**(1.4)**	**–**	**5.5**
Unaudited **As at 31 July 2024**					
Reinsurance contract (liabilities)/assets	**(5.2)**	**0.4**	**138.8**	**39.7**	**173.7**

15 Insurance and reinsurance contract liabilities and assets (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component £m	Loss component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
As at 1 February 2023					
Insurance contract liabilities	**(44.3)**	**(8.4)**	**(259.2)**	**(35.6)**	**(347.5)**
Insurance revenue	85.2	–	–	–	85.2
Incurred claims and related expenses	–	5.3	(92.0)	(6.6)	(93.3)
Changes to liabilities for incurred claims	–	–	2.2	6.3	8.5
Insurance acquisition cash flows expensed	(12.4)	–	–	–	(12.4)
Losses on onerous contracts and reversals of those losses	–	(10.0)	–	–	(10.0)
Other incurred insurance service expenses	–	–	(7.6)	–	(7.6)
Insurance service expenses	(12.4)	(4.7)	(97.4)	(0.3)	(114.8)
Insurance finance expense	–	–	(6.7)	(0.9)	(7.6)
Total changes in the income statement	**72.8**	**(4.7)**	**(104.1)**	**(1.2)**	**(37.2)**
Cash flows					
Premiums received	(80.7)	–	–	–	(80.7)
Insurance acquisition cash flows incurred	12.4	–	–	–	12.4
Claims and other expenses paid	–	–	99.4	–	99.4
Total cash flows	**(68.3)**	**–**	**99.4**	**–**	**31.1**
Unaudited As at 31 July 2023					
Insurance contract liabilities	**(39.8)**	**(13.1)**	**(263.9)**	**(36.8)**	**(353.6)**

Notes to the condensed consolidated interim financial statements (continued)

15 Insurance and reinsurance contract liabilities and assets (continued)

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

Notes to the condensed consolidated interim financial statements (continued)

15 Insurance and reinsurance contract liabilities and assets (continued)

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

Notes to the condensed consolidated interim financial statements (continued)

15 Insurance and reinsurance contract liabilities and assets (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss-recovery component £m	Loss-recovery component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
As at 1 February 2023					
Reinsurance contract (liabilities)/assets	**(5.5)**	**2.7**	**87.6**	**27.4**	**112.2**
Allocation of reinsurance premiums	**(17.0)**	**–**	**–**	**–**	**(17.0)**
Amounts recoverable for incurred claims and other expenses	–	(3.7)	21.5	3.2	21.0
Changes to amounts recoverable for incurred claims	–	–	32.0	2.8	34.8
Loss-recovery on onerous underlying contracts and adjustments	–	2.3	–	–	2.3
Effect of changes in the risk of non-performance of reinsurance contracts	–	–	(0.9)	–	(0.9)
Net (expense)/income from reinsurance contracts	(17.0)	(1.4)	52.6	6.0	40.2
Reinsurance finance income	–	–	1.6	0.3	1.9
Total changes in the income statement	**(17.0)**	**(1.4)**	**54.2**	**6.3**	**42.1**
Cash flows					
Premiums paid	19.4	–	–	–	19.4
Amounts received	–	–	(0.5)	–	(0.5)
Total cash flows	**19.4**	**–**	**(0.5)**	**–**	**18.9**
As at 31 January 2024					
Reinsurance contract (liabilities)/assets	**(3.1)**	**1.3**	**141.3**	**33.7**	**173.2**

16 Loans and borrowings

	Unaudited As at 31 Jul 2024 £m	Unaudited As at 31 Jul 2023 £m	As at 31 Jan 2024 £m
Bonds	250.0	400.0	400.0
Ocean Cruise ship loans	375.9	438.1	407.0
Loan facility with Roger De Haan	75.0	–	–
RCF	–	–	–
Accrued interest payable	5.3	5.0	4.8
	706.2	843.1	811.8
Less: deferred issue costs	(14.9)	(17.8)	(15.6)
	691.3	**825.3**	**796.2**

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

At 31 July 2024, the Group's financing facilities consisted of a £250.0m five-year senior unsecured bond (repayable July 2026), a £50.0m five-year RCF (expiring in March 2026) and an £85.0m loan facility provided by Roger De Haan (expiring April 2026). The RCF and £10.0m of the loan facility with Roger De Haan were undrawn as at 31 July 2024.

i) Bonds

In May 2024, the Group repaid in full its £150.0m 2024 senior unsecured bond.

The 2026 bond is, and the 2024 bond was, listed on the Irish Stock Exchange (Euronext Dublin). The 2026 bond is, and the 2024 bond was, guaranteed by Saga Services Limited and Saga Mid Co Limited.

Interest on the 2026 corporate bond is incurred at an annual interest rate of 5.5%. Interest on the 2024 corporate bond was incurred at an annual interest rate of 3.375%.

Accrued interest payable on Group's bonds at 31 July 2024 was £0.5m (July 2023: £1.6m).

ii) RCF

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

In the six-month period to 31 January 2024, the Group announced that it had reached agreement with its banks to amend the covenants on its RCF. The covenants within the Group's RCF were amended to increase the leverage ratio (excluding Ocean Cruise) covenant for 31 January 2024 from 5.5x to 6.25x.

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

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

16 Loans and borrowings (continued)

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

ii) RCF (continued)

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

- Extension of the expiry date of the facility from 31 May 2025, to 31 March 2026.
- Leverage ratio test for all remaining testing periods reduced to 6.0x, based on a revised definition of the calculation, which is now performed on a Group basis inclusive of amounts relating to the Ocean Cruise business.

At 31 July 2024, the Group's £50.0m RCF remained undrawn.

Accrued fees payable on the Group's undrawn RCF at 31 July 2024 were £0.2m (July 2023: £0.2m).

iii) Loan facility with Roger De Haan

In the period to 31 July 2023, the Group entered into a forward starting loan facility agreement with Roger De Haan, commencing on 1 January 2024, under which the Group could draw down up to £50.0m with 30 days' notice to support liquidity needs and specifically the repayment of £150.0m bond maturing in May 2024. The facility was provided on an arm's-length basis and guaranteed by Saga plc, Saga Mid Co Limited and Saga Services Limited. Per the original terms of agreement, interest will accrue on the drawn total of the facility at the rate of 10% and is payable on the last day of the period of the loan. The facility was originally due to mature on 30 June 2025, at which point any outstanding amounts, including interest, were due to be repaid. The facility is subject to a 2% arrangement fee, payable on entering into the arrangement. A drawdown fee of 2% on any amount drawn down under the facility is payable on the drawing date; and milestone fees of 2% on any uncancelled amount of the facility become payable on 31 March 2024 and 31 December 2024 respectively.

In the six-month period to 31 January 2024, the Group agreed an increase and extension to the existing loan facility provided by Roger De Haan. This increase was for the value of £35.0m, taking the total facility to £85.0m, and it was extended to expire on 31 December 2025, previously 30 June 2025. The interest rate paid on funds drawn under the facility to finance the repayment of notes issued by Saga plc, or to provide cash collateral demanded by providers of bonding facilities to the Group, remained at 10%, but increased to 18% for any amounts drawn to support general corporate purposes. In addition, the previous arrangement and milestone fees of 2% remained payable; however, the drawdown fee of 2% increased to 5% on drawdowns for general corporate purposes. The amended facility was provided on the basis of certain conditions being met; including:

- no professional advisers may be appointed to or retained by Saga plc without prior approval of the Board; and
- no incremental financial indebtedness, over and above the facilities already in place, may be incurred by Group companies.

In the period to 31 July 2024, a reduction of the notice period required for drawdown of the loan to 10 business days was agreed, in addition to a further extension to the termination date of the facility, from 31 December 2025 to 30 April 2026.

Since 31 July 2024, an increase to the maximum number of permitted facility utilisation requests was also agreed, from three to 10.

In May 2024, the Group drew down £75.0m of the loan facility provided by Roger De Haan and at 31 July 2024, this remained the case. Accrued interest payable on the loan facility with Roger De Haan at 31 July 2024 was £1.8m (July 2023: £nil).

Notes to the condensed consolidated interim financial statements (continued)

16 Loans and borrowings (continued)

b) Ocean Cruise ship loans

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

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

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

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

- all principal payments to 31 March 2022 (£51.8m) deferred and repaid over five years;
- all financial covenants until 31 March 2022 waived; and
- dividends remain restricted while the deferred principal is outstanding.

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

In the six-month period to 31 January 2024, lenders agreed to amend the covenants on the two ship debt facilities to reduce the EBITDA to debt repayment ratio from 1.2x to 1.0x for the additional periods up to, and including, 31 January 2025.

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

During the period to 31 July 2024, ocean cruise ship loan repayments of £31.1m (July 2023: £31.1m) were made by the Group. Accrued interest payable on the Group's Ocean Cruise ship loans at 31 July 2024 is £2.8m (July 2023: £3.2m).

c) Total debt and finance costs

At 31 July 2024, deferred debt issue costs were £14.9m (July 2023: £17.8m). The movement of £2.9m, year-on-year, represents an increase of £1.5m following the drawdown of the loan facility provided by Roger De Haan, being offset by £4.4m expense amortisation for the period between these two dates.

During the period, the Group charged £19.8m (July 2023: £20.6m) to the income statement in respect of fees and interest associated with the bonds, RCF, loan facility with Roger De Haan and Ocean Cruise ship loans. In addition, finance costs recognised in the income statement include £1.1m (July 2023: £0.9m) relating to interest and finance charges on lease liabilities, £1.0m (July 2023: £0.3m) relating to net finance expense on pension schemes, £1.2m (July 2023: £1.0m) in respect of arrangement and milestone fees associated with the loan facility with Roger De Haan, as disclosed above, and net fair value losses on derivatives of £0.6m (July 2023: £0.9m). The Group complied with the financial covenants of its borrowing facilities during the current and prior periods.

17 Called up share capital

	Ordinary shares Number	Nominal value £	Value £m
Allotted, called up and fully paid			
At 1 February 2023	140,337,271	0.15	21.1
At 31 July 2023	140,337,271	0.15	21.1
Issue of shares – 1 August 2023	1,458,551	0.15	0.2
At 31 January 2024	141,795,822	0.15	21.3
Issue of shares – 3 May 2024	1,565,919	0.15	0.2
At 31 July 2024	143,361,741	0.15	21.5

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

On 3 May 2024, Saga plc issued 1,565,919 new ordinary shares of 15p each, with a value of £0.2m, for transfer into an employee benefit trust to satisfy employee incentive arrangements. The newly issued shares rank pari passu with existing Saga shares.

18 Share-based payments

The Group granted a number of different equity-based awards that it determined to be share-based payments. New awards granted during the six months ended 31 July 2024 were as follows:

a) On 28 May 2024, nil cost options over 663,426 shares were issued under the Deferred Bonus Plan to Executive Directors, reflecting their deferred bonus in respect of 2023/24, which vest and become exercisable on the third anniversary of the grant date. Under the Deferred Bonus Plan, executives receive a maximum of two-thirds of the bonus award in cash and a minimum of one-third in the form of rights to shares of the Company. There are no cash settlement alternatives.

b) On 8 July 2024, nil cost options over 2,386,409 shares were issued under the Restricted Share Plan to certain Directors and other senior employees that vest and become exercisable on the third anniversary of the grant date, subject to continuing employment. There are no cash settlement alternatives.

c) On 11 June 2024, 550,672 shares were awarded to eligible employees on the tenth anniversary of the initial public offering and allocated at nil cost; these shares become beneficially owned over a three-year period from allocation, subject to continuing service.

The fair value of all awards granted during the year under the equity-settled and cash-settled share-based remuneration schemes operated by the Group were assessed using market price and the Monte Carlo model. The Group charged £1.9m (July 2023: £2.4m) during the year to the income statement in respect of equity-settled share-based payment transactions. This was charged to administrative and selling expenses.

19 Assets held for sale

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

At the end of the year ended 31 January 2023, the Group made the decision to initiate an active programme to locate buyers for a further two of its freehold properties. The Group also reclassified, to held for sale, the related fixtures and fittings associated with one of these freehold properties.

At 31 January 2023 and 31 July 2023, the carrying values of the properties classified as held for sale, totalling £31.2m, were representative of either each property's fair value or historic cost less accumulated depreciation and any impairment charges to date, whichever was lower.

In the six-month period to 31 January 2024, the Group declassified one of the properties held for sale at 31 July 2023, to property, plant and equipment since it was no longer being actively marketed for disposal. The carrying value of this property at 31 July 2023 was £3.4m. Other than this one property, there were no changes to the Group's intention to sell any of the properties classified as held for sale at 31 July 2023.

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

At 31 July 2024, the carrying values of the properties classified as held for sale, totalling £17.4m, were representative of either each property's fair value or historic cost less accumulated depreciation and any impairment charges to date, whichever was lower. No gains or losses were recognised with respect to the properties during the six months ended 31 July 2024. These properties are being actively marketed and the disposals are expected to be completed within 12 months of the end of the financial period. The held for sale designation is considered to remain appropriate for all properties as at 31 July 2024.

20 Related party transactions

Related party transactions during the six months ended 31 July 2024 were consistent in nature, scope and quantum with those disclosed in the Group's Annual Report and Accounts for the year ended 31 January 2024 available at www.corporate.saga.co.uk. Please see Note 16(a)(iii) and Note 21 for further detail relating to the loan facility with Roger De Haan.

21 Events after the reporting period

a) Proposed 20-year Insurance Broking partnership and sale of Insurance Underwriting

Since the end of the period, the Group announced that it is in exclusive negotiations with Ageas SA/NV over the establishment of a 20-year affinity partnership for its motor and home Insurance Broking operations and the sale of its Insurance Underwriting business, Acromas Insurance Company Limited (**AICL**), subject to regulatory approval. As at 31 July 2024, the requirements of IFRS 5 were not met and accordingly AICL has not been classified as a disposal group held for sale in the statement of financial position nor has it been disclosed as a discontinued operation in the income statement.

b) Loans and borrowings

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

- Extension of the expiry date of the facility from 31 May 2025, to 31 March 2026.
- Leverage ratio test for all remaining testing periods reduced to 6.0x, based on a revised definition of the calculation, which is now performed on a Group basis inclusive of amounts relating to the Ocean Cruise business.

In addition, since the end of the period, in relation to the loan facility provided by Roger De Haan, an increase to the maximum number of permitted facility utilisation requests was also agreed, from three to 10.

Please refer to Note 16 for further details.

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed consolidated interim financial statements are prepared in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board; and
- the interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report and Accounts that could do so.

On behalf of the Board

Mike Hazell
Group Chief Executive Officer
10 October 2024

Mark Watkins
Group Chief Financial Officer
10 October 2024

Independent Review Report to Saga plc

Conclusion

We have been engaged by Saga plc (the **Company** or the **Group**) to review the condensed consolidated set of financial statements in the interim financial report for the six months ended 31 July 2024 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim financial report for the six months ended 31 July 2024 is not prepared, in all material respects, in accordance with International Accounting Standard (**IAS**) 34 'Interim Financial Reporting' as adopted for use in the United Kingdom (**UK**) and the Disclosure Guidance and Transparency Rules (**DTR**) of the UK's Financial Conduct Authority (**FCA**).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (**ISRE (UK) 2410**) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the interim financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

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

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

Directors' responsibilities

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

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

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

In preparing the condensed consolidated set of financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Our responsibility

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

Independent Review Report to Saga plc (continued)

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

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

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

10 October 2024

Alternative Performance Measures Glossary

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

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

Underlying Revenue

Underlying Revenue represents revenue, net of ceded reinsurance premiums earned on business underwritten by the Group, excluding the onerous contract provision, but including revenue associated with the exit from some of our smaller, loss-making activities.

This measure is useful for presenting the Group's underlying trading performance as it excludes non-cash technical accounting adjustments and one-off financial impacts that are not expected to recur. It is reconciled to statutory revenue within the Group Chief Financial Officer's Review on page 22.

Underlying Profit Before Tax

Underlying Profit Before Tax represents the loss before tax excluding:

- unrealised fair value losses on derivatives;
- the net loss on disposal of assets;
- discretionary Ocean Cruise customer ticket refunds and associated costs;
- impairment of the carrying value of assets, including Insurance goodwill;
- impact of changes in the discount rate on non-periodical payment order (**PPO**) liabilities[1];
- fair value gains/(losses) on debt securities;
- foreign exchange movements on river cruise ship leases;
- costs and amortisation of fees relating to the facility provided by Roger De Haan;
- movements in the insurance onerous contract provisions (net of reinsurance recoveries)[2];
- costs in relation to the acquisition and disposal of the Big Window Consulting Limited (the **Big Window**);
- the International Financial Reporting Standard (**IFRS**) 16 lease accounting adjustment on river cruise vessels; and
- restructuring costs.

It is reconciled to statutory loss before tax within the Group Chief Financial Officer's Review on page 12.

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

Trading EBITDA/Adjusted Trading EBITDA

Trading EBITDA is defined as earnings before interest payable, tax, depreciation and amortisation, and excludes the IAS 19R pension charge, exceptional costs and impairments. Adjusted Trading EBITDA also excludes the impact of IFRS 16 'Leases' and the Trading EBITDA relating to the two ocean cruise ships, Spirit of Discovery and Spirit of Adventure, in line with the covenant on the Group's Revolving Credit Facility (**RCF**). It is reconciled to Underlying Profit Before Tax within the Group Chief Financial Officer's Review on page 22. Underlying Profit Before Tax is reconciled to statutory loss before tax within the Group Chief Financial Officer's Review on page 12.

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

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

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

Alternative Performance Measures Glossary (continued)

Ocean Cruise Trading EBITDA (Excluding Overheads)

Ocean Cruise Trading EBITDA (Excluding Overheads) reflects the Trading EBITDA for the Ocean Cruise business, adjusted to exclude the corresponding overheads for those operations. This measure is comparable with the £40.0m per annum per ship target that was set at the time the Ocean Cruise ships were purchased and is reconciled to Ocean Cruise Trading EBITDA on page 23 of the Group Chief Financial Officer's Review.

Gross Written Premiums

Gross Written Premiums represent the total premium that the Group charges to customers for a core insurance product, excluding insurance premium tax but before the deduction of any outward reinsurance premiums, measured with reference to the cover start date of the policy. This measure is widely used by insurers so provides a meaningful comparison of performance with our peers. It is analysed further within the Group Chief Financial Officer's Review on page 16.

Written Gross Profit After Marketing Expenses

Written Gross Profit After Marketing Expenses is calculated as written revenue, less cost of sales and marketing expenses. This measure provides a meaningful view of the contribution of each Insurance Broking product, before accounting for operating expenses, and is analysed further within the Group Chief Financial Officer's Review on page 16.

Underlying Basic Earnings/(Loss) Per Share

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

- unrealised fair value losses on derivatives;
- the net loss on disposal of assets;
- discretionary Ocean Cruise customer ticket refunds and associated costs;
- impairment of the carrying value of assets, including Insurance goodwill;
- impact of changes in the discount rate on non-PPO liabilities[3];
- fair value gains/(losses) on debt securities;
- foreign exchange gains on river cruise ship leases;
- costs and amortisation of fees relating to the facility provided by Roger De Haan;
- movements in the insurance onerous contract provisions (net of reinsurance recoveries)[4];
- costs in relation to the acquisition and disposal of the Big Window;
- the IFRS 16 lease accounting adjustment on river cruise vessels; and
- restructuring costs.

This measure is reconciled to the statutory basic loss per share in Note 6 to the accounts on page 49.

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

Available Cash

Available Cash represents cash held by subsidiaries within the Group that is not subject to regulatory restrictions, net of any overdrafts held by those subsidiaries. This measure is reconciled to the statutory measure of cash in Note 13 to the accounts on page 57.

Available Operating Cash Flow

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

---

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

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

Alternative Performance Measures Glossary (continued)

Net Debt

Net Debt is the sum of the carrying values of the Group's debt facilities less the amount of Available Cash it holds and is analysed further within the Group Chief Financial Officer's Review on page 26.

Adjusted Net Debt

Adjusted Net Debt is the sum of the carrying values of the Group's debt facilities less the amount of Available Cash it holds, but excludes the Ocean Cruise ship debt and Available Cash. It is linked to the covenant on the Group's RCF, being the numerator in the Group's leverage ratio calculation, and is analysed further within the Group Chief Financial Officer's Review on page 26.