SAGA PLC

Annual Report and Accounts 2024

SAGA

Experience is everything

Saga's purpose is to deliver exceptional experiences every day to serve the needs of older people.

We strive to constantly develop our understanding of our customers, allowing us to provide them with the products and services they want, alongside the exceptional service they deserve.

In this report

Strategic Report

Governance

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Additional information

What we offer our customers[1]

Cruise

Our Cruise business offers a wide range of luxury experiences on board:

- our two boutique ocean cruise ships, Spirit of Discovery and Spirit of Adventure; and
- our fleet of smaller river cruise ships, exploring Europe's waterways.

Find out more in our Group Chief Financial Officer's Review on pages 22-23

Travel

Our award-winning Travel business takes customers all over the world, offering:

- hotel holidays;
- escorted tours; and
- tailor-made travel.

Find out more in our Group Chief Financial Officer's Review on pages 22-23

Insurance

Our Insurance business, focused on providing our customers with peace of mind, comprises:

- Insurance Broking, offering a range of products primarily focused on motor, home, travel and private medical insurance; and
- Insurance Underwriting, representing our in-house underwriter, Acromas Insurance Company Limited (**AICL**).

Find out more in our Group Chief Financial Officer's Review on pages 24-26

Money

Our Money business offers a range of financial products, including:

- savings accounts;
- equity release;
- legal services, including wills, probate and lasting powers of attorney;
- mortgages; and
- investments.

Find out more in our Group Chief Financial Officer's Review on page 27

Publishing

Our Publishing business delivers insightful and engaging content to customers through:

- our award-winning Saga Magazine; and
- our regular digital newsletters.

Find out more in our Group Chief Financial Officer's Review on page 27

1 These are our businesses which are focused on the specific needs and wishes of our unique customer group. In our segmental financial reporting, Cruise and Travel are presented as one, while Money and Publishing form part of Other Businesses

DELIVERING SIGNIFICANT GROWTH

Our focus on delivering exceptional experiences for our customers every day, alongside greater optimisation of our businesses, has resulted in strong cash generation, significant revenue growth and underlying profitability of more than double that in the prior year. Looking ahead, we remain committed to continuing to reduce our level of debt as we position Saga for long-term sustainable growth.

Underlying Revenue[1]
£732.7m
2022/23 – £648.9m[2]

Underlying Profit Before Tax[1]
£38.2m
2022/23 – £15.5m[2]

Loss before tax
(£129.0m)
2022/23 – (£272.7m[2])

1 **Alternative Performance Measures**
In addition to statutory measures, the Group also measures performance using Alternative Performance Measures. These are reconciled to statutory measures of performance on pages 30-31 of the Group Chief Financial Officer's Review and defined in full on pages 187-188

2 The prior year has been restated to reflect the adoption of International Financial Reporting Standard (**IFRS**) 17 'Insurance Contracts'

Chairman's Statement

An exciting future ahead

"I believe there is an exciting future for Saga as we continue to reduce our debt, explore strategic partnerships, new opportunities and grow our core businesses."

Sir Roger De Haan
Non-Executive Chairman

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

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

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

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

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

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

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

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

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

Sir Roger De Haan
Non-Executive Chairman
16 April 2024

Reasons to invest in Saga

Our investment case is designed to create value for shareholders through the delivery of sustainable long-term, capital-light growth, alongside continued debt reduction.

How we are different

Saga focuses on people over 50, the fastest-growing, most affluent and influential segment in the UK. Our deep customer insight gives us a unique view into our customers' lives. We exist to deliver exceptional experiences every day to serve the needs of older people.

The model works

We offer differentiated products which are underpinned by a trusted brand and exceptional customer service. Our business model is cash generative, providing the flexibility to balance investment in our brand and businesses with debt reduction and delivery of long-term returns to shareholders.

Confidence in future delivery

We have a clear and compelling strategy, focused on returning the business to growth through maximising our core businesses; reducing debt through capital-light growth; and growing our customer base, while deepening our customer relationships. It is this focus that will position Saga as the largest and most-trusted brand for older people in the UK.

Group Chief Executive Officer's Strategic Review

Positioning Saga for growth

"It is clear that there is a significant opportunity to drive long-term sustainable growth for all our stakeholders through maximising our core businesses, reducing debt as we move towards capital-light business models, growing the number of customers we serve and deepening the connection we have with them."

Mike Hazell
Group Chief Executive Officer

Significant opportunity

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

Strong demand in Cruise and Travel but Insurance remains challenging

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

Financial performance

	2023/24	2022/23 (restated[2])
Underlying Revenue[1]	**£732.7m**	£648.9m
Revenue	**£741.1m**	£663.7m
Trading EBITDA[1]	**£116.5m**	£92.5m
Underlying Profit Before Tax[1,3]	**£38.2m**	£15.5m
Underlying Profit Before Tax (Under Previous IFRS)[1]	**£45.3m**	£21.5m
Loss before tax[3]	**(£129.0m)**	(£272.7m)
Available Operating Cash Flow[1,3]	**£143.8m**	£54.9m
Net Debt[1,3]	**£637.2m**	£711.7m
Leverage ratio	**5.4x**	7.5x

Growth in underlying revenue and profit

I am delighted to report that, for the year ended 31 January 2024, Saga delivered a strong financial result. Underlying Revenue[1] was £732.7m, representing 13% growth when compared with the prior year and, on a statutory basis, revenue was £741.1m, 12% higher.

Following the adoption of International Financial Reporting Standard (**IFRS**) 17, we report an Underlying Profit Before Tax[1] of £38.2m, more than double the £15.5m[2] in the prior year. This was also the case for Underlying Profit Before Tax (Under Previous IFRS)[1], which was £45.3m compared with £21.5m in the prior year. This result reflects a return to profit for Cruise and Travel, but continued challenges in Insurance.

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

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

1 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
2 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'
3 Refer to the key performance indicators on pages 10-11 for definition and explanation

Group Chief Executive Officer's Strategic Review
continued

Our strategy

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

1 Maximising our core businesses

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.

2 Reducing debt through capital-light growth

We plan to deliver capital-light growth across our businesses by leveraging strategic partnerships and reducing debt.

3 Growing our customer base and deepening our customer relationships

We aim to not only grow the number of customers we serve, but also enhance the frequency and quality of our interactions with them.

1 Maximising our core businesses

Cruise

Objective

Build Ocean Cruise into an exceptional experience every day, while optimising our returns, and build a River Cruise proposition that mirrors Ocean.

Progress in 2023/24

For the year ended 31 January 2024, our Ocean Cruise business delivered an Underlying Profit Before Tax[4] of £35.5m, a £36.2m improvement when compared with the Underlying Loss Before Tax[4] of £0.7m in the prior year.

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

In Ocean Cruise, we work hard to set ourselves apart from others in the market and we are continually exploring new ways to enhance the inclusivity of our offering and increase our differentiation. For departures in 2024/25 and beyond, we made the decision to increase the reach of our VIP chauffeur service, allowing more customers from further afield to experience what we have to offer.

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

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

In line with previous guidance, our River Cruise business returned to profit, reporting an Underlying Profit Before Tax[4] of £3.0m for the year, an improvement of £8.1m when compared with the Underlying Loss Before Tax[4] of £5.1m in the prior year. We achieved a 43% increase in the number of customers sailing with us and a load factor and per diem of 85% and £285 respectively.

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

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

The financial performance of the Ocean and River Cruise businesses is driven by our ability to deliver exceptional experiences for our customers every day.

Our key metric for monitoring customer satisfaction is transactional net promoter score (**tNPS**), which improved significantly during the year to 74, from 58 in the previous year, reflecting a considerable improvement in the rating for River Cruise following the steps taken to more closely align the customer experience to that of our Ocean Cruise experience.

Challenges

- Geopolitical factors requiring amendments to itineraries or destinations.
- Financial, regulatory and physical impacts associated with climate change.
- Restricted capacity, derived from capital-intensive two-ship model, limiting scalability.

"Bookings for 2024/25 are significantly ahead of the prior year."

Cruise Underlying Profit/(Loss) Before Tax[4]

£38.5m
2022/23 – (£5.8m)

4 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Travel

Objective

Create a market-leading, more digital travel business, from a low-cost operating platform, to accelerate growth and modernise the business.

Progress in 2023/24

For 2023/24, Travel generated revenue of £156.3m, 44% higher than the year before, and returned to profit for the first time since the pandemic. The business reported an Underlying Profit Before Tax[5] of £1.5m, an improvement of £5.6m when compared with the Underlying Loss Before Tax[5] of £4.1m in the prior year, reflecting strong passenger growth of 22%, having taken more than 57k customers on holiday.

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

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

Challenges

- Geopolitical factors requiring amendments to itineraries or destinations.
- Potential for cost of living increases to reduce levels of discretionary spending from our customer group.
- Changes to itineraries, financial and regulatory impacts associated with climate change.

Travel Underlying Profit/(Loss) Before Tax[5]

£1.5m
2022/23 – (£4.1m)

Insurance

Objective

Create a long-term sustainable insurance proposition, built on growing customer numbers and deeper relationships, offering a differentiated suite of products and services, designed with our customer in mind.

Progress in 2023/24

Reflecting the continued impact of the market-wide inflationary headwinds and declining policy volumes, Insurance Broking reported Underlying Profit Before Tax[5] of £39.8m on an earned basis, a decline of £31.7m when compared with £71.5m[6] in the prior year.

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

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

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

In motor and home, inflation impacted both our volumes and margins. Our pricing approach, addressing increased net rates from our panel of underwriters, resulted in a 9% drop in policies in force and policy sales compared with the prior year, with customer retention of 81%, 3ppts lower. Our margin per policy was £55, compared with £69[6] in the year before, mostly driven by our three-year fixed-price policies that fix the price the customer pays for two further renewals.

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

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

Our Insurance Underwriting business reported an Underlying Loss Before Tax[5], after expected recoveries from reinsurance arrangements, of £1.4m, a decline of £12.1m when compared with an Underlying Profit Before Tax[5] of £10.7m[6] in the prior year.

5 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
6 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'

Group Chief Executive Officer's Strategic Review
continued

1 Maximising our core businesses continued

Over the past 18 months, we have applied significant price increases, balancing the need to provide customers with fair-value products with the continued market-wide claims inflation. These are now, however, beginning to flow through to the result, with the current year net combined operating ratio reducing to 117.1% from 120.5%[7] in the prior year. We expect this to mean that the Insurance Underwriting business returns to profit in the coming year.

Challenges
- Potential for cost of living increases to drive customers to opt for lower levels of cover and shop around for their insurance.
- Inflationary increases on the cost of settling insurance claims causing pressure on earnings.
- Implementation of, and management of customer impacts arising from, regulatory changes.

Insurance Underlying Profit Before Tax[8]

£38.4m
2022/23 – £82.2m[7]

Money

Objective
Attract new customers, accelerate growth within existing equity release and savings products and add new products to deepen our customer relationships.

Progress in 2023/24
Saga Money reported an Underlying Profit Before Tax[8] of £1.1m, compared with £2.3m in the prior year. This reflects the short-term impact of high interest rates on the market-wide customer demand for equity release products.

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

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

Challenges
- Risk of interest rate fluctuations causing market uncertainty and lower demand for our products.
- Regulatory restrictions applicable to our third-party partners, limiting the number and value of products that we are able to sell.

Money Underlying Profit Before Tax[8]

£1.1m
2022/23 – £2.3m

2 Reducing debt through capital-light growth

Objective
Deliver capital-light growth across our businesses by leveraging strategic partnerships, while reducing debt.

Progress in 2023/24
In 2023/24, we continued to make good progress in reducing our debt, with Net Debt[8] at 31 January 2024 being £637.2m, £74.5m lower than the £711.7m at the previous year end.

To further increase the Group's financial flexibility, we took a series of actions that included the delivery of £12.0m of central cost savings in the second half, following the move towards a leaner operating model, and exiting some of our smaller, loss-making activities, in order to prioritise growth within our core Cruise, Travel, Insurance and Money operations.

We are also grateful for the ongoing support from our Chairman, Roger De Haan, with his facility being increased to £85.0m, alongside an extended maturity, now April 2026, to support the Group with its deleveraging plans. In addition, to maximise the Group's liquidity, we concluded discussions with our lending banks to increase the leverage covenant associated with our undrawn £50.0m RCF.

Challenges
- Balancing the level of investment required to scale our operations with maximising cash generation and accelerating debt reduction.

Net Debt[8]

£637.2m
2022/23 – £711.7m

7 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'
8 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

3 Growing our customer base and deepening our customer relationships

Objective
Grow the number of customers we serve, while enhancing the frequency and quality of our interactions with them.

Progress in 2023/24
The third strand of our growth plan is focused on protecting and growing the number of customers we serve and increasing the frequency and quality of our interactions with them through data-driven insight. By doing so, we can develop our business around a better understanding of their unique needs and the trusted relationship we have with them.

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

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

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

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

Challenges
- The impact of regulatory changes on the number of customers we are able to communicate with.
- The pace of change in relation to the wants and needs of our customers.
- Converting our exceptional levels of consideration for the Saga brand into customers who believe that Saga is for them.

Contactable customers on our database
7.2m
2022/23 – 6.8m

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

Positioning Saga for long-term sustainable growth

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

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

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

Mike Hazell
Group Chief Executive Officer
16 April 2024

Watch our Group Chief Executive Officer, Mike Hazell, presenting our full year results

Key performance indicators

Continued progress

During the financial year, the following key performance indicators (**KPIs**) were used to assess the financial and operational performance of the Group against our three-step strategic growth plan.

Financial KPIs

Underlying Profit/(Loss) Before Tax[1,2]

1 £

£38.2m

2023/24	**£38.2m**
2022/23[3]	£15.5m
2021/22	(£6.7m)
2020/21	£17.1m
2019/20	£109.9m

Purpose and definition

Underlying Profit/(Loss) Before Tax[1,2] is the Group's primary KPI and a meaningful representation of underlying trading performance. It is defined as loss before tax excluding items which are not expected to recur. Refer to page 187 for full definition and explanation.

Performance

Increase of £22.7m when compared with 2022/23[3], reflecting a return to pre-pandemic operating within Cruise and Travel and a reduced central cost base. These were, however, partially offset by a lower Insurance result, reflecting continued difficult market conditions.

Loss before tax[2]

1

(£129.0m)

2023/24	**(£129.0m)**
2022/23[3]	(£272.7m)
2021/22	(£23.5m)
2020/21	(£61.2m)
2019/20	(£300.9m)

Purpose and definition

Loss before tax as presented in accordance with UK-adopted international accounting standards.

Performance

Loss before tax of £129.0m, a significant improvement when compared with the £272.7m[3] in the prior year, benefiting from a reduced impairment of Insurance goodwill and continued growth in the Cruise and Travel businesses.

Available Operating Cash Flow[1]

2

£143.8m

2023/24	**£143.8m**
2022/23	£54.9m
2021/22	£75.8m
2020/21	£3.4m
2019/20	£92.7m

Purpose and definition

Available Operating Cash Flow[1] represents net cash flow from operating activities which is not subject to regulatory restriction, after capital expenditure but before tax, interest paid, restructuring costs, business acquisitions and other non-trading items. Refer to page 188 for full definition and explanation.

Performance

Available Operating Cash Flow[1] improved by £88.9m due to significantly higher cash generation from the Cruise and Travel businesses and reduced central costs, which are only partly offset by lower Insurance Broking EBITDA and Underwriting dividends, alongside increased capital expenditure.

Net Debt[1]

2 £

£637.2m

2023/24	**£637.2m**
2022/23	£711.7m
2021/22	£729.0m
2020/21	£760.2m
2019/20	£593.9m

Purpose and definition

Net Debt[1] represents the sum of the carrying value of the Group's debt facilities, less the amount of Available Cash[1] it holds. Refer to page 33 of the Chief Financial Officer's Review for a full breakdown.

Performance

Net Debt[1] reduced by £74.5m when compared with 31 January 2023, with increased Available Cash Flow[1] generation supporting continued repayment of our two ocean cruise ship facilities. Refer to page 28 of the Group Chief Financial Officer's Review for full details.

Key

1 Maximising our core businesses[4]
2 Reducing debt through capital-light growth[4]
3 Growing our customer base and deepening our customer relationships[4]
£ 2023/24 Bonus KPIs

1 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
2 Underlying Profit/(Loss) Before Tax and loss before tax for 2023/24 and 2022/23 are reported under IFRS 17 and are, therefore, not directly comparable to preceding years, which were reported under IFRS 4
3 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'
4 Since the year end, the strategic pillars have evolved as we continually develop the business to support the changing needs of our customers. The strategic pillars that applied during the 2023/24 financial year were set out in the 2023 Annual Report and Accounts. These were maximising our existing businesses; step-changing our ability to scale while reducing debt; and creating 'The Superbrand' for older people

Non-financial KPIs

Policies in force[5]

1 3

1.5m

31 Jan 24	**1.5m**
31 Jan 23	1.7m
31 Jan 22	1.7m
31 Jan 21	1.7m
31 Jan 20	1.8m

Purpose and definition

Policies in force refers to the number of core insurance policies, across all products, in force at any given financial year end.

Performance

At 31 January 2024, the number of policies in force was 0.2m lower than at the same point in the prior year, reflecting a reduction across motor, home and other insurance broking, as a result of our approach to pricing in the context of highly competitive market conditions.

Ocean Cruise load factor[6]

1

88%

2023/24	**88%**
2022/23	75%
2021/22	68%

Purpose and definition

Load factor is the most sensitive driver of Cruise profit before tax and represents the booked proportion of the total capacity across our two ocean ships. It is calculated by dividing the number of berths booked by the total berths available.

Performance

For 2023/24, the Ocean Cruise load factor increased significantly, to 88%, 13ppts ahead of the prior year, reflecting increased customer demand and a return to pre-pandemic operating conditions.

Travel passengers[5,7]

1 3

57.8k

2023/24	**57.8k**
2022/23	47.2k
2021/22	8.4k

Purpose and definition

Travel passengers represents the number of customers who have travelled on either a Saga or Titan holiday during a given year.

Performance

In 2023/24, the number of passengers who travelled with us increased by 22% when compared with the prior year, reflecting continued recovery following the COVID-19 pandemic.

Customer transactional net promoter score (tNPS)[5,8]

1 3 £

59

2023/24	**59**
2022/23	61
2021/22	67
2020/21	67

Purpose and definition

Customer tNPS represents the willingness of customers to recommend Saga products and services to family, friends and colleagues following a recent transaction. The score is calculated by analysing customer survey responses, then subtracting the percentage of detractors (those scoring six or less) from the percentage of advocates (those scoring nine or more).

Performance

Customer tNPS was 59, a two point reduction when compared with the prior year, reflecting increases across Cruise and Money, offset by market-wide increases to Insurance pricing, alongside some resultant call centre pressure.

Colleague engagement[9]

1 £

6.6 out of 10

Jan 24	**6.6**
Nov 22	8.0
Nov 21	7.7

Purpose and definition

Colleague engagement provides an indication of how committed and enthusiastic colleagues are towards Saga and their work. It is measured through responses to colleague surveys hosted by an independent third party.

Performance

Colleague engagement reduced compared with the previous year, reflecting significant change as we moved towards a leaner central operating model.

Customer consent attempts[5,10]

3 £

89%

2023/24	**89%**
2022/23	78%
2021/22	25%

Purpose and definition

This represents the number of times we ask for customer consent through our contact centres. If granted, this allows Saga to contact customers about a range of products and services across our businesses. The data is captured by business unit and then calculated using a weighted average.

Performance

The customer consent attempt rate for the Group significantly improved year on year, reflecting increases in Insurance and Cruise, as a result of enhanced system configuration and colleague awareness.

5 The KPIs presented have been updated to align with those used to determine executive remuneration and the most sensitive drivers of profit in our significant businesses. As a result, motor and home insurance customer retention, Ocean Cruise per diem, customer net promoter score and marketable database have been removed and policies in force, Travel passengers, customer tNPS and customer consent attempts have been added

6 No comparative data prior to 2021/22 has been provided for Ocean Cruise, as operations were suspended for much of 2020/21, with the offering prior to that not comparable with our two current ships

7 As River Cruise was, historically, reported within Travel, no comparable data is available prior to 2021/22

8 The Group began monitoring tNPS in 2020/21 and, therefore, no previous comparable data is available

9 During 2020/21, Saga appointed a new third-party survey provider. As such, the data prior to February 2021 is not comparable and, therefore, not presented

10 The tracking of customer consent attempts began in April 2021 and, as such, no comparable data is available prior to this

Market review

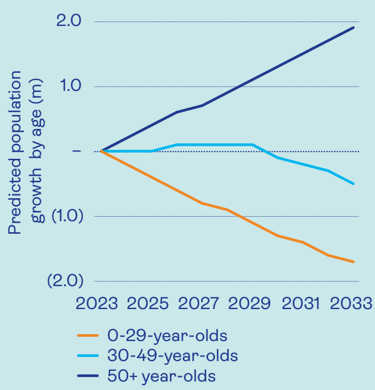
Opportunity for growth in an under-served market

Saga operates in highly attractive markets, serving the fastest-growing demographic with significant opportunity for growth.

There were an estimated
26.2m
individuals in the UK aged over 50 during 2023[1]

...and this is the only age group expected to grow over the next 10 years[1]

1.9m
additional 50+ year-olds by 2033[1]



Our customers

Saga provides people over 50 with a range of products and services, tailored specifically to meet their needs, accompanied by exceptional experiences. This unique group is the fastest-growing and most affluent[2] segment of the UK population.

We understand that the ageing process changes peoples' views, needs and priorities, and it's for this reason that we strive to continually adapt to these changes. Through our unique insight, extensive database and growing capabilities, we provide our customers with compelling and relevant products and services that offer great value, support and peace of mind.

Our businesses[3]

We continue to face a high level of competition in the commoditised markets we operate in, however, we use our unique understanding to offer our customers exceptional experiences.

Cruise

We provide our customers with truly all-inclusive cruises, on board our luxury ships.

Marketplace and position

While we have a significant number of competitors in both Ocean and River Cruise, we are the only operator to cater exclusively for people over 50, designing itineraries and experiences around this under-served group.

Key competitors

Fred Olsen, Cunard, P&O Cruises, Riviera and Viking

Travel

We offer hotel holidays, escorted tours and tailor-made travel, underpinned by our unique insight into our customers, which allows us to continually expand the range of destinations on offer.

Marketplace and position

In a highly competitive and commoditised market, we are one of the market-leading tour operators for people over 50 in the UK.

Key competitors

On the Beach, TUI, Trailfinders and Riviera

Insurance

We provide customers with reassurance and peace of mind through a series of motor, home, travel and private medical insurance products.

Marketplace and position

The insurance market, while cyclical in nature, continues to be extremely competitive, demonstrated by the recent consolidation of some of our peers. We, however, are well-placed and continue to be the sole provider of insurance exclusively for people over 50 in the UK.

Key competitors

Admiral, Direct Line, Hastings, Ageas, LV and Aviva

Money

We offer customers support through alternative financial solutions in the form of savings products, equity release, legal services and mortgages.

Marketplace and position

We are the only provider of financial products and services designed for people over 50 in the UK. Over the past 12 months, we have further strengthened our market position through expansion of the range of products on offer.

Key competitors

Post Office and John Lewis Finance

Publishing

We deliver engaging content to our unique audience, creating regular and insightful interaction with this group.

Marketplace and position

Saga Magazine is one of the UK's most loved and respected monthly lifestyle magazines, generating regular coverage in the print and digital press.

Competitors

Good Housekeeping and The Oldie

1 Office for National Statistics – 2021-based interim national population projections
2 Office for National Statistics – Wealth and assets survey
3 These are our businesses which are focused on the specific needs and wishes of our unique customer group. In our segmental financial reporting, Cruise and Travel are presented as one, while Money and Publishing form part of Other Businesses

Regulatory and legislative developments

Background

The Ocean Cruise business is regulated by the International Maritime Organization and the Maritime and Coastguard Agency, and is a member of the Cruise Lines International Association, the UK Chamber of Shipping and the Association of British Travel Agents (**ABTA**). The River Cruise and Travel businesses are regulated by the Civil Aviation Authority and are a member of ABTA as well as Accredited Agents of the International Air Transport Association. Our Insurance Broking and Money businesses are regulated by the Financial Conduct Authority (**FCA**), with the Insurance Broking business also regulated by the Jersey Financial Services Commission (**JFSC**). The Insurance Underwriting business is regulated by the FCA, the Gibraltar Financial Services Commission, and the JFSC, and operates under the Solvency II Directive.

Saga also operates processes and procedures to comply with other regulations and legislation that apply to its business including, but not limited to, the Data Protection Act 2018, the Bribery Act 2010, the Equality Act 2010 and health and safety legislation.

Developments during the year

From January 2024, the European Union (**EU**) Emissions Trading System (**ETS**) applied to our Ocean Cruise ships on certain voyages, which require the purchase, and use, of EU ETS emission allowances for each tonne of reported carbon dioxide, or equivalent, emissions in the scope of the system. This has been accounted for within our financial planning and forecasts.

The FCA's Consumer Duty which sets higher and clearer standards of consumer protection across financial services firms, came into effect on 31 July 2023. It introduced a new Consumer Principle which requires firms to deliver good outcomes for customers and is underpinned by more detailed rules. At Saga, we remain focused on providing our customers with exceptional experiences every day and Consumer Duty serves as a good companion to our values.

In July 2023, the FCA also issued a guidance paper on supporting customers in financial difficulty. At Saga, we have been mindful of the financial challenges many individuals have faced over the past 18 months as the cost of living increases have placed strain on some households. As a result, we have increased the level of support we offer to those affected and have also sought to encourage our customers to contact us should they need help.

Regulatory expectations concerning operational resilience continue to develop and Saga is committed to ensuring its capability keeps pace with these changes.

Macroeconomic conditions

Persistent claims inflation

The cost of settling insurance claims across the industry has continued to increase, driven by multiple factors such as the costs of labour and energy, and evolving technology. At Saga, we continue to focus on balancing the need to provide customers with fair value products, particularly given increases in the cost of living, while adapting to market conditions. Price increases have been applied in response to inflated claims experience and will continue to reflect changes in the cost of claims. There is, however, a risk that increases in insurance premiums and the broader cost of living challenges drive consumers to opt for lower levels of cover.

Geopolitical considerations

While Saga has not been significantly exposed to either the war in Ukraine or the Israel-Gaza war, these, alongside the UK exit from the EU, have contributed to delays in processing motor insurance claims due to the availability of parts. Our Insurance businesses have been able to mitigate this, to some extent, by making improvements in the supply chain and implementing efficiencies to improve the customer journey.

The Cruise and Travel businesses continue to monitor travel advice from the Foreign, Commonwealth & Development Office and, in line with its guidance, cruises and tours to Israel are not taking place.

Recruitment and retention

The labour market was tight in 2023, with some easing towards the end of the year, however, this has not materially impacted Saga's ability to attract and retain colleagues. While there has been a shift in sentiment within financial services around homeworking, with most firms increasing the presence in offices, Saga continues to offer radically flexible working arrangements including remote and hybrid, enabling recruitment from a wider geographical area.

Purpose and business model

A platform for growth

Our purpose is to deliver exceptional experiences every day to serve the needs of older people. We are fundamentally a marketing, content and distribution business with unique customer insights that help us build deep and long-lasting relationships.

Our strengths

Our colleagues and culture

Our colleagues are the key to delivering exceptional experiences every day for our customers. We aim to build a culture that celebrates individualism, encouraging our colleagues to be their authentic selves and enabling them to do the best work of their lives.

Find out more in our 2024 Environmental, Social and Governance Report

SAGA Our brand

The Saga brand has always been exceptionally well-known among people over 50 and is often a key point of differentiation in the highly competitive markets we operate in. Our unrelenting focus on service provides peace of mind and reassurance, while building trust, which in turn, is rewarded with loyalty as our customers return again and again.

Our customers and insight

Our customers are at the heart of our business and we aim to provide them with truly exceptional experiences during each interaction with us. Our unique insights into this fast-growing, under-served and ever-changing group allow us to develop products and services tailored specifically for them.

Supplier partnerships

We aim to develop deep, mutually beneficial, long-term relationships with our partners and suppliers, allowing us to leverage their specialist expertise, resources and capital. These partnerships are fundamental in providing the best possible products and services to our customers.

Proprietary data and technology

The size of our database, and the depth of information we hold on our customer group, is one of the Group's core assets. The continual expansion and enhancement of this data enables us to increase the frequency and quality of the contact with our customers, providing an opportunity to not only attract new customers but also promote a greater range of products and services to our existing customers.

Our businesses[1]

Each of our businesses operate autonomously, while leveraging our core strengths across the Group to build deeper, long-lasting relationships with our customers.

Cruise

What we do

We provide our customers with ocean and river cruises to a wide range of destinations on board our fleet of boutique, luxury ships.

How we add value

- We offer customers a truly all-inclusive cruising experience which includes fine dining and drinks, gratuities, a chauffeur service, private balconies with all cabins and selected shore excursions.
- Customers sail with additional peace of mind through our included travel insurance, our price promise guarantee and our 'Love it first time' guarantee for newcomers.

Customers travelled

62.7k

2022/23 – 47.3k

Travel

What we do

We offer our customers a variety of handcrafted experiences, including hotel holidays, escorted tours and tailor-made travel.

How we add value

- We provide customers with expertise, ease and reassurance through home-to-airport pick-up across our touring range, local hosts at our hotels and flexible dining for our tailor-made getaways.
- Further peace of mind is provided through an escrow arrangement, which safeguards customer money until they return from their holiday.

Customers travelled

57.8k

2022/23 – 47.2k

1 These are our businesses which are focused on the specific needs and wishes of our unique customer group. In our segmental financial reporting, Cruise and Travel are presented as one, while Money and Publishing form part of Other Businesses

Insurance

What we do
We provide our customers with tailored insurance products, principally motor, home, private medical and travel insurance.

How we add value
- We offer products to suit a variety of needs, from our lower-cost standard one-year motor policies through to our premium three-year fixed-price products.
- Alongside our in-house underwriter, AICL, we use a third-party panel of underwriting partners to ensure that customers receive the best possible price.

Policies in force
1.5m
31 January 2023 – 1.7m

Money

What we do
We partner with specialist third parties to deliver a range of personal finance products, including savings accounts, equity release, legal services, mortgages and investments.

How we add value
- We offer customers easy-to-use products and services tailored to them, with the added security and support of the Saga brand, providing confidence and trust.
- We use our expertise in sourcing and managing partners to provide customers with unique offers and exceptional experiences.

Customers
144k
2022/23 – 139k

Publishing

What we do
We maintain regular and insightful interactions with our audience through the award-winning Saga Magazine, alongside regular updates in the form of our increasingly popular digital newsletters.

How we add value
- We blend the experience of our magazine columnists and design team with high-profile guest exclusives, to deliver purposeful and insightful content, which informs, inspires and entertains our readers.
- Our digital newsletters provide readers with high-quality digestible articles across a range of topics.

Magazine subscribers
121k
2022/23 – 159k

Creating value

Saga is committed to maximising value for our key stakeholders.

Customers
Delivering for our customers is at the heart of everything we do. We aim to deliver exceptional experiences for this unique group every day, while providing ease and reassurance.

Colleagues
To enable colleagues to do their best work, we are focused on their development and wellbeing, creating a culture of acceptance and recognition.

Partners and suppliers
Through our partnerships, suppliers benefit from access to our well-known and trusted brand, alongside knowledge and insight into our unique customer group.

Communities
Saga strives to have a positive impact on our communities through colleague volunteering schemes and charitable giving.

Shareholders and investors
Saga is committed to creating long-term value for our shareholders and investors by maximising our businesses, delivering sustainable growth and reducing our debt.

Find out more about engaging with stakeholders on pages 16-17

Engaging with stakeholders

Deepening our relationships

Customers

Our customers are at the heart of our business. Our success relies on the engagement of new customers and deepening the connection with our existing customers.

What matters to them

- Value for money products and services that are designed specifically for their needs.
- Exceptional customer service each and every time they interact with Saga.
- Clear and informative communication in a format that best suits them.

How we engage

Our ambition is to increase the frequency of engagement with our customers and become a partner in their everyday lives. We engage with our customers through telephone and email interaction, social media, the Saga Magazine and our Experienced Voices customer panel. Customer satisfaction is monitored at each interaction through our tNPS.

Board oversight

The Board receives regular reports from the Group Chief Executive Officer (**CEO**), Executive Directors and management based on customer insights and feedback.

Colleagues

Our colleagues, and the culture in which they operate, are incredibly important to Saga. We aim to create a supportive and inclusive environment, allowing them to be their authentic selves.

What matters to them

- A culture of acceptance, where they feel appreciated for the characteristics that make them individual.
- Clear and transparent communication, which allows them to speak up and be heard.
- Being recognised and rewarded for their contribution.

How we engage

We ensure that communication with colleagues is always collaborative and takes a variety of forms. These include our internal communications platform, Workplace, engagement surveys, regular one-to-one catch-ups with people managers, collaborative team events, colleague forums and through the People Committee.

Find out more in our 2024 Environmental, Social and Governance Report

Board oversight

Julie Hopes, one of our Non-Executive Directors, is our nominated People Champion and regularly attends our People Committee meetings, alongside our Group CEO and members of our Operating Board. The Board is also kept informed through updates from our Chief People Officer regarding colleague engagement, feedback from our surveys and progress against our colleague strategy.

Partners and suppliers

In order for us to deliver exceptional experiences every day for our customers, we depend on the support of our partners and suppliers. We continue to prioritise the development of long-term, mutually beneficial relationships with this important group.

What matters to them

- Long-term reliable relationships that support their strategic ambitions.
- Regular and informative updates, including two-way feedback.
- Innovation that encourages simplicity and efficiency, where possible.

How we engage

Our relationships with our supply chain are governed by our Supplier Relationship Management and Supplier Risk Management Policies, which provide a framework for our operations. This approach ensures a consistent standard of communication with suppliers, allowing us to continually develop our ways of working. These relationships are managed and controlled by our individual business units.

Board oversight

The Risk Committee is kept informed of any changes to supplier risk management through our Operating Board and Internal Audit and Assurance Director, with matters escalated to the Board as appropriate.

Communities

To fulfill our purpose, and best serve the needs of older people, it is important that we understand and carefully consider the impact of every decision we make.

What matters to them

- Maintaining clear and open communication to ensure that they are aware of our strategy and plans, as well as any potential impacts to them.
- The opportunity to share what is important to them and how we may be able to support that.
- A chance to share knowledge and skills between our colleagues and the wider community.

How we engage

Our colleagues are encouraged to take one paid volunteering day per year, allowing them to support a cause of their choice.

Board oversight

Our Group CEO attends each community meeting, allowing him to feed back directly to the Board.

Shareholders and investors

We are focused on delivery against our strategic plan in order to deliver long-term sustainable value for our shareholders. We aim to treat all shareholders fairly, providing them with opportunities to express their views.

What matters to them

- Creation of long-term value.
- Active engagement with the Group CEO, Group Chief Financial Officer (**CFO**) and Investor Relations (**IR**) team.
- Regular updates regarding the Group's financial performance and progress against our strategy.

How we engage

We frequently communicate with our shareholders and investors through results announcements, press releases, updates to our corporate and shareholder websites, group events, one-on-one meetings and ad hoc email and telephone interaction.

Board oversight

At each Board meeting, the agenda includes a review of an IR report providing an update on shareholder interaction and feedback received. Our Group CEO and Group CFO meet with our investors on a regular basis and the Non-Executive Chairman on request, assisted by our Director of IR and Treasury. In addition, the Chair of the Remuneration Committee meets with shareholders throughout the year and provides the Board with any feedback. Furthermore, in-person events such as the Annual General Meeting and results presentations also provide an opportunity for the Board to meet with shareholders and investors.

Regulators

Our regulators set the framework within which we operate and it is, therefore, vital that we maintain strong relationships with them.

What matters to them

- Proactive and transparent communication.
- Protection of our customers and the industries that we operate in.
- Increasing the trust of the public and encouraging market competition.

How we engage

Relationships with our regulators are maintained at subsidiary level and monitored by the respective audit, risk and compliance committees.

Board oversight

Subsidiary boards, and their committees, report as necessary to the plc Risk Committee which is responsible for escalating any matters of strategic or reputational importance directly to the Board. The Chairs of our financial services regulated businesses, Saga Personal Finance Limited (**SPF**), Saga Services Limited (**SSL**) and AICL, are also plc Directors and report on our relationships with regulators.

Find out more in our Risk Committee Report on pages 71-73

Group Chief Financial Officer's Review

Delivering significant growth

"The Group has now adopted International Financial Reporting Standard 17 and reports an Underlying Profit Before Tax[1] of £38.2m, more than double the £15.5m[2] reported in the prior year."

Mark Watkins
Group Chief Financial Officer

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

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

Industry-wide challenges, however, continue to impact the Group's Insurance businesses. Insurance Broking reported an Underlying Profit Before Tax[1] of £39.8m (2023: £71.5m[2]). This reflected ongoing inflationary headwinds, primarily impacting motor insurance, and the impact on the Group's three-year fixed-price policies, where the increase in the cost of net rates cannot be passed on to customers.

As a result, margins for motor and home fell to £55 per policy (2023: £69[2]) for the year. Against this backdrop, our pricing caused lower new business volumes and lower customer retention, resulting in a 9% decline in policies in force to 1.5m. Our Insurance Underwriting business is, however, starting to see the benefits of the pricing actions taken over the past 12 months, with the current year net combined operating ratio (**COR**) improving to 117.1% (2023: 120.5%[2]).

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

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

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

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

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

1 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
2 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'

Operating performance

Group income statement

£m	12m to Jan 2024	Change	12m to Jan 2023 (restated[3])
Underlying Revenue[4]	**732.7**	***12.9%***	**648.9**
Underlying Profit/(Loss) Before Tax[4]			
Cruise and Travel	40.0	*>500.0%*	(9.9)
Insurance Broking (earned)	39.8	*(44.3%)*	71.5
Insurance Underwriting	(1.4)	*(113.1%)*	10.7
Total Insurance	38.4	*(53.3%)*	82.2
Other Businesses and Central Costs	(17.0)	*51.3%*	(34.9)
Net finance costs[5]	(23.2)	*(5.9%)*	(21.9)
Underlying Profit Before Tax[4]	**38.2**	***146.5%***	**15.5**
Impairment of Insurance goodwill	(104.9)		(269.0)
Other exceptional items	(62.3)		(19.2)
Loss before tax	**(129.0)**	***52.7%***	**(272.7)**
Tax credit/(expense)	16.0	*>500.0%*	(0.4)
Loss after tax	**(113.0)**	***58.6%***	**(273.1)**
Basic earnings/(loss) per share			
Underlying Earnings Per Share[4]	30.0p	*132.6%*	12.9p
Loss per share	(80.8)p	*58.7%*	(195.7p)

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

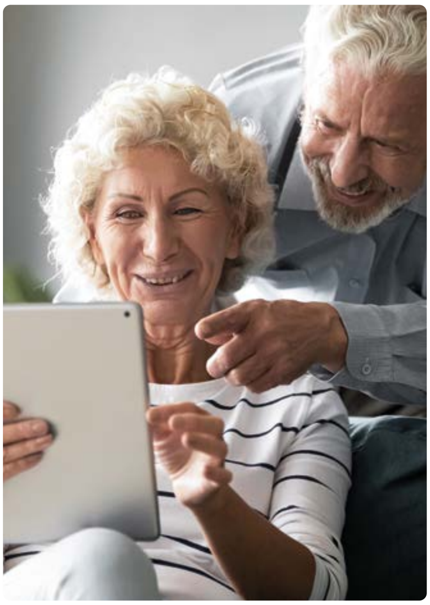
Underlying Revenue[4]

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

Underlying Profit Before Tax[4]

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

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



3 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'
4 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
5 Net finance costs exclude Cruise, Travel and Insurance Underwriting finance costs and net fair value gains/(losses) on derivatives

Group Chief Financial Officer's Review
continued

Loss before tax

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

- Restructuring costs of £40.3m, which have materially increased year on year as a result of the cost-reduction programme initiated in the second half, alongside the decisions to exit some of our smaller loss-making activities and rationalise our property portfolio;
- impairments to assets, other than goodwill, of £11.9m (net of amounts recoverable under quota share arrangements);
- onerous contract provisions of £12.1m on three-year fixed-price policies and on insurance contracts under IFRS 17;
- fair value profit on debt securities of £3.5m;
- a £1.0m positive change in discount rate on non-periodical payment order (**PPO**) insurance liabilities;
- discretionary customer ticket refunds, and related costs, within Ocean Cruise of £1.0m;
- costs associated with the unsecured loan facility with Roger De Haan of £0.4m;
- £0.3m costs on the acquisition and disposal of The Big Window Consulting Limited (**the Big Window**);
- fair value losses of £1.4m on derivatives; and
- foreign exchange gains on River Cruise ship leases of £0.6m.

The loss before tax in the prior year, of £272.7m[6], includes a £269.0m impairment to Insurance goodwill and other exceptional items of £19.2m, including:

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

Tax

The Group's tax credit for the year was £16.0m (2023: £0.4m expense), representing a tax effective rate of 66.4% (2023: negative 10.8%), excluding the Insurance goodwill impairment charge. In both the current and prior years, the difference between the Group's tax effective rate and the standard rate of corporation tax was mainly due to the Group's Ocean Cruise business being in the tonnage tax regime.

There was also an adjustment in the current year for the over-provision of prior year tax of £4.5m credit (2023: £0.8m expense). Excluding the impact of the Ocean Cruise business being in the tonnage tax regime, the Insurance goodwill impairment and adjustments to prior year tax, the tax effective rate for the current year is 19.9% (2023: 11.1%).

Earnings/(loss) per share

The Group's Underlying Basic Earnings Per Share[7] was 30.0p (2023: 12.9p). The Group's reported basic loss per share was 80.8p (2023: loss of 195.7p[6]).

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

7 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Effect of IFRS 17 on Underlying Profit Before Tax[8] and loss before tax

£m	12m to Jan 2024	Change	12m to Jan 2023
Underlying Profit Before Tax (Under Previous IFRS)[8]	45.3	*23.8*	21.5
New approach to reserve margin	(2.4)	*(0.1)*	(2.3)
Change in valuation of PPO reserves (other than due to margin)	(3.9)	*0.5*	(4.4)
Discounting of non-PPO reserves (other than change in discount rate)	(2.6)	*(1.8)*	(0.8)
Effect of expensing insurance acquisition costs when incurred	0.6	*(3.7)*	4.3
Other individually immaterial adjustments	1.2	*4.0*	(2.8)
Impact of IFRS 17 on Underlying Profit Before Tax[8]	(7.1)	*(1.1)*	(6.0)
Underlying Profit Before Tax[8]	**38.2**	***22.7***	**15.5**

For the year ended 31 January 2024, the transition to IFRS 17 resulted in an Underlying Profit Before Tax[8] reduction of £7.1m, compared with a £6.0m reduction in the prior year. The material movements between the IFRS 17 impact on Underlying Profit Before Tax[8] across the two years are detailed below:

- The new approach to reserve margin adjusts for differences in reserving between the previous standard, IFRS 4 'Insurance Contracts', and IFRS 17. Specifically, management margins included within the IFRS 4 results are reversed, while new provisions for events not in data (**ENIDs**) and the risk adjustment are included under IFRS 17.

  In the current year, the reversal of the change in management margins reduced IFRS 17 profit by £6.2m and this was partially offset by a reduction in ENIDs of £2.1m and a reduction in the risk adjustment of £1.7m, net of reinsurance, totalling £2.4m.
- £1.8m negative impact arising from the discounting of non-PPO reserves that under previous IFRS, were not subject to discounting. The negative impact in the current and prior year largely arises from the increase in recoveries under the quota share reinsurance agreement, with these recoveries discounted over a longer duration than that of the underlying claims.
- The impact of expensing insurance acquisition costs when incurred produced a benefit to Underlying Profit Before Tax[8] in both the current and prior years. This is due to decreasing acquisition costs linked to lower sales of policies underwritten by Acromas Insurance Company Limited (**AICL**). The £3.7m movement, when compared with the prior year, reflects a slowdown of that trend.
- £4.0m positive change in the impact of other individually immaterial adjustments, in part due to remeasurement of the three-year fixed-price obligation.

£m	12m to Jan 2024	Change	12m to Jan 2023
Loss before tax (under previous IFRS)	(130.7)	*123.5*	(254.2)
Impact of IFRS 17 on Underlying Profit Before Tax[8]	(7.1)	*(1.1)*	(6.0)
Impact of discount rate change on non-PPO reserves	1.0	*(5.4)*	6.4
Fair value gains/(losses) on investments	3.4	*18.5*	(15.1)
Net expense from onerous contracts	(9.0)	*(5.2)*	(3.8)
Reversal of deferred acquisition cost impairment under IFRS 4	13.4	*13.4*	–
Impact of IFRS 17 on loss before tax	1.7	*20.2*	(18.5)
Loss before tax	**(129.0)**	***143.7***	**(272.7)**

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

- £7.1m negative impact arising from the movements in Underlying Profit Before Tax[8] described above.
- £1.0m positive impact from the increase in the period in the discount rate used to value non-PPO claim liabilities, with this discount rate being linked to market interest rates.

  This positive impact was £5.4m lower than the positive impact in the prior year, when there was a more significant increase in market interest rates.
- £3.4m positive impact from changing the classification of the debt securities that support the Group's insurance liabilities. Under the new classification, fair value gains or losses in each period are presented within profit or loss, whereas, under the previous classification, any such gains or losses were reported outside profit or loss, within other comprehensive income. The significant improvement, when compared with the prior year, arises from a tightening of credit spreads and interest rate movements.
- £9.0m in relation to the provision for onerous contracts. The higher provision is due to a combination of an increase in contracts that are onerous at initial recognition (primarily due to renewals in years two and three of three-year fixed-price policies) and an upwards revaluation of the existing provision due to prolonged claims inflation.
- £13.4m in relation to the reversal of an impairment of deferred acquisition costs under IFRS 4 as these are expensed immediately under IFRS 17. No such impairment existed in the prior year.

Underlying Profit Before Tax[8]

£38.2m

2023 – £15.5m[9]

8 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

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

Group Chief Financial Officer's Review
continued

Cruise and Travel

Our Cruise business comprises our Ocean and River Cruise operations, while Travel offers hotel holidays, escorted tours and tailor-made packages.

	12m to Jan 2024					12m to Jan 2023			
£m	Ocean Cruise	River Cruise	Travel	Total Cruise and Travel	*Change*	Ocean Cruise	River Cruise	Travel	Total Cruise and Travel
Underlying Revenue[10]	**215.9**	**43.8**	**156.3**	**416.0**	***36.2%***	**168.3**	**28.8**	**108.4**	**305.5**
Gross profit	**81.1**	**11.3**	**30.0**	**122.4**	***95.5%***	**40.2**	**1.5**	**20.9**	**62.6**
Marketing expenses	(12.3)	(4.4)	(9.6)	(26.3)	*(7.8%)*	(11.0)	(3.2)	(10.2)	(24.4)
Other operating expenses	(15.1)	(4.0)	(19.6)	(38.7)	*(33.9%)*	(10.7)	(3.4)	(14.8)	(28.9)
Investment return	–	0.1	0.7	0.8	*100.0%*	–	–	–	–
Finance costs	(18.2)	–	–	(18.2)	*5.2%*	(19.2)	–	–	(19.2)
Underlying Profit/(Loss) Before Tax[10]	**35.5**	**3.0**	**1.5**	**40.0**	***504.0%***	**(0.7)**	**(5.1)**	**(4.1)**	**(9.9)**
Average revenue per passenger (£)	4,683	2,639	2,704	3,452	*6.8%*	4,714	2,483	2,297	3,233
Ocean Cruise load factor	88%			88%	*13ppts*	75%			75%
Ocean Cruise per diem (£)	331			331	*4.1%*	318			318
River Cruise load factor		85%		85%	*n/a*		n/a		n/a
River Cruise per diem (£)		285		285	*n/a*		n/a		n/a
Passengers ('000)	46.1	16.6	57.8	120.5	*27.5%*	35.7	11.6	47.2	94.5

Ocean Cruise

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

In the current year, the business returned to fully operational conditions for the first time since the pandemic and achieved a load factor of 88% (2023: 75%) and a per diem of £331 (2023: £318). These two factors, when combined, equated to Underlying Revenue[10] growth of 28.3% and resulted in a return to profitability from an Underlying Loss Before Tax[10] of £0.7m in the prior year to an Underlying Profit Before Tax[10] of £35.5m in the current year.

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

River Cruise

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

In the current year, the business returned to more normal operating conditions. For 2023/24, we aligned management information for River Cruise to the Ocean Cruise business, so load factor and per diems became key performance indicators for River Cruise. The business achieved a load factor of 85% and a per diem of £285 for the year. This resulted in Underlying Revenue[10] growth of 52.1% and a return to profitability from an Underlying Loss Before Tax[10] of £5.1m in the prior year to an Underlying Profit Before Tax[10] of £3.0m in the current year.

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

10 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Travel

The Travel business, which includes both the Saga Holidays and Titan brands, saw increased volumes when compared with the prior year, with passenger numbers increasing from 47.2k to 57.8k. The business also generated higher revenue per passenger in the year, increasing from £2,297 to £2,704.

This led to Underlying Revenue[11] growth of 44.2% and a return to profitability from an Underlying Loss Before Tax[11] of £4.1m in the prior year to an Underlying Profit Before Tax[11] of £1.5m in the current year.

In the first half of the prior year, the recovery in volumes was impacted by a level of disruption from a variety of factors, including operational challenges faced by airlines and airports. In the second half of the prior year, we saw customer cancellations returning closer to pre-pandemic levels.

Forward Cruise and Travel sales

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

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

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

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

11 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Group Chief Financial Officer's Review
continued

Insurance

Insurance encompasses our motor, home and other broking operations and our in-house Insurance Underwriting business.

Insurance Broking

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

Its role is to price the policies and source the lowest risk price, whether through the panel of motor and home underwriters or through solus arrangements for private medical and travel insurance.

The Group's in-house insurer, AICL, sits on the motor and home panels and competes for that business with other panel members on equal terms. AICL offers its underwriting capacity on the home panel through a coinsurance deal with a third party, so the Group takes no underwriting risk for that product. Even if underwritten by a third party, the product is presented as a Saga product and the Group manages the customer relationship.

	12m to Jan 2024					12m to Jan 2023 (restated[12])			
£m	Motor broking	Home broking	Other broking	Total	*Change*	Motor broking	Home broking	Other broking	Total
Gross Written Premiums[13] (**GWP**):									
Brokered	114.1	162.4	131.0	407.5	*7.5%*	105.0	150.1	123.9	379.0
Underwritten	195.5	–	3.0	198.5	*7.8%*	180.9	–	3.2	184.1
GWP	309.6	162.4	134.0	606.0	*7.6%*	285.9	150.1	127.1	563.1
Broker revenue	4.5	25.4	45.1	75.0	*(28.1%)*	35.7	26.5	42.1	104.3
Instalment revenue	3.4	3.3	–	6.7	*9.8%*	3.1	3.0	–	6.1
Add-on revenue	8.1	9.5	–	17.6	*(10.2%)*	9.2	10.4	–	19.6
Other revenue	27.1	17.3	(3.3)	41.1	*(10.8%)*	25.2	17.7	3.2	46.1
Written Underlying Revenue[13]	**43.1**	**55.5**	**41.8**	**140.4**	***(20.3%)***	**73.2**	**57.6**	**45.3**	**176.1**
Written gross profit	**35.9**	**55.5**	**49.7**	**141.1**	*(19.0%)*	**66.7**	**57.6**	**49.8**	**174.1**
Marketing expenses	(9.6)	(6.2)	(5.6)	(21.4)	*15.1%*	(13.0)	(6.7)	(5.5)	(25.2)
Written Gross Profit After Marketing Expenses[13]	**26.3**	**49.3**	**44.1**	**119.7**	***(19.6%)***	**53.7**	**50.9**	**44.3**	**148.9**
Other operating expenses	(36.6)	(29.6)	(19.1)	(85.3)	*(3.5%)*	(36.8)	(28.4)	(17.2)	(82.4)
Written Underlying (Loss)/Profit Before Tax[13]	**(10.3)**	**19.7**	**25.0**	**34.4**	***(48.3%)***	**16.9**	**22.5**	**27.1**	**66.5**
Written to earned adjustment	5.4	–	–	5.4	*8.0%*	5.0	–	–	5.0
Earned Underlying (Loss)/Profit Before Tax[13]	**(4.9)**	**19.7**	**25.0**	**39.8**	***(44.3%)***	**21.9**	**22.5**	**27.1**	**71.5**
Policies in force	700k	605k	194k	1,499k	*(9.3%)*	800k	645k	207k	1,652k
Policies sold	750k	633k	192k	1,575k	*(8.7%)*	849k	670k	206k	1,725k
Third-party panel share[14]	33.6%				*0.9ppt*	32.7%			

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

13 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

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

Insurance Broking Underlying Profit Before Tax[15], on a written basis (which excludes the impact of the written to earned adjustment deferring the revenue on policies underwritten over the term of the policy), decreased to £34.4m, from £66.5m[16].

A key metric for the Insurance Broking business is Written Gross Profit After Marketing Expenses[15], but before deducting overheads. This reduced from £148.9m[16] in the prior year to £119.7m in the current year, due mainly to lower renewal volumes and margins on motor business. There were falls in Written Gross Profits After Marketing Expenses[15] in motor of £27.4m, in home of £1.6m and in other broking of £0.2m.

For motor and home insurance, in terms of the total Written Gross Profit After Marketing Expenses[15], the new business proportion increased by £3.4m, while there was a £32.4m reduction in the renewal proportion.

The reduction in profitability of the motor business is attributable to significant inflationary pressures on the net rates charged by panel partners, which have increased at a faster pace than the price that can be charged to consumers in a competitive marketplace. This has been accentuated by the fact that a significant number of motor policies are on three-year fixed-price deals, which fix the customer price for two renewals. Lower new business volumes in the prior year have also led to a 13% reduction in the level of renewal volumes in the current year.

The three-year fixed-price product remains important, with 582k policies sold in the year, 42% of total motor and home policies, with 28% of direct new business customers taking the product despite cost of living pressures. This product remains highly attractive to our customer base and, while current profitability has been impacted by high industry inflation, this is a short-term challenge, as all policies will have been repriced by the middle of 2025. Inflation for the three-year fixed-price home product is within expectations.

The challenging motor environment led to the average gross margin per policy for motor and home combined, calculated as Written Gross Profit After Marketing Expenses[15] divided by the number of policies sold, reducing to £54.7 in the current year, compared with £68.9[16] in the prior year.

In addition, customer retention decreased from 84% to 81%, overall motor and home policies in force decreased 9% when compared with 31 January 2023 and direct new business sales reduced by 6ppts to 43%, as the Group rebalanced volumes towards price-comparison website distribution channels.

Written profit and gross margin per policy for motor and home are stated after allowing for deferral of part of the revenues from three-year fixed-price policies, which is then recognised in profit or loss when the option to renew those policies at a predetermined fixed price is exercised or lapses, recognising the inflation risk inherent in these products. As at 31 January 2024, £10.6m (2023: £9.7m[16]) of income had been deferred in relation to three-year fixed-price policies, £8.9m (2023: £7.9m[16]) of which related to income written in the year to 31 January 2024.

Insurance Underlying Profit Before Tax[15]

£39.8m

2023 – £71.5m[16]

Motor and home gross margin

£54.7 per policy

2023 – £68.9[16]

Motor broking

Gross Written Premiums[15] increased by 8.3% due to a 22.6% increase in average premiums, partially offset by an 11.7% reduction in core policies sold. Gross Written Premiums[15], from business underwritten by AICL, increased 8.1% to £195.5m (2023: £180.9m), due to a 43.2% increase in average premiums, offset by a 24.5% decrease in core policies sold.

Written Gross Profit After Marketing Expenses[15] was £26.3m (2023: £53.7m[16]), contributing £35.1 per policy (2023: £63.3[16] per policy). The decrease in written gross profits, and margin per policy, is mainly due to the adverse impact of inflation on motor renewal profitability.

Home broking

Gross Written Premiums[15] increased by 8.2% due to a 14.6% increase in average premiums, partially offset by a 5.5% reduction in core policies sold.

Written Gross Profit After Marketing Expenses[15] was £49.3m (2023: £50.9m), equating to £77.9 per policy (2023: £76.0 per policy). The increase in renewal margins and a 10.0% increase in new business policies sold was more than offset by lower new business margins and an 8.1% reduction in renewal policies sold.

Other broking

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

Gross Written Premiums[15] increased 5.4% as a result of higher average premiums on both PMI and travel insurance policies, with policy sales broadly stable at 33k (2023: 34k) for PMI and a slight reduction, to 146k (2023: 158k), for travel insurance.

As a result, Written Gross Profits After Marketing Expenses[15] relating to travel insurance products decreased by £0.6m.

While sales of PMI were stable, Written Gross Profit After Marketing Expenses[15] was £1.6m higher. This increase is mainly due to a one-off payment from Bupa as part of the agreed terms for migrating the book from AXA.

15 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

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

Group Chief Financial Officer's Review
continued

Insurance Underwriting

£m		12m to Jan 2024 Gross	12m to Jan 2024 Re-insurance	12m to Jan 2024 Net	*Gross change*	12m to Jan 2023 (restated[17]) Gross	12m to Jan 2023 (restated[17]) Re-insurance	12m to Jan 2023 (restated[17]) Net
Insurance Underlying Revenue[18]	**A**	**169.8**	**(17.0)**	**152.8**	***7.1%***	**158.5**	**(14.8)**	**143.7**
Incurred claims *(current year claims)*	**B**	(170.9)	22.3	(148.6)	*3.0%*	(176.1)	32.4	(143.7)
Claims handling costs in relation to incurred claims	**C**	(15.6)	–	(15.6)	*(19.1%)*	(13.1)	–	(13.1)
Changes to liabilities for incurred claims *(prior year claims)*	**D**	(15.3)	33.9	18.6	*(154.3%)*	28.2	6.4	34.6
Other incurred insurance service expenses	**E**	(14.7)	–	(14.7)	*10.4%*	(16.4)	–	(16.4)
Insurance service result		**(46.7)**	**39.2**	**(7.5)**	***(147.1%)***	**(18.9)**	**24.0**	**5.1**
Net finance (expense)/income from (re)insurance *(excludes impact of change in discount rate on non-PPO liabilities)*		(5.6)	3.1	(2.5)	*(100.0%)*	(2.8)	0.9	(1.9)
Investment return *(excludes fair value gains/losses on debt securities)*		8.6	–	8.6	*14.7%*	7.5	–	7.5
Underlying (Loss)/Profit Before Tax[18]		**(43.7)**	**42.3**	**(1.4)**	***(207.7%)***	**(14.2)**	**24.9**	**10.7**
Reported loss ratio	**(B+D)/A**	109.7%		85.1%	*(16.4ppts)*	93.3%		75.9%
Expense ratio	**(C+E)/A**	17.8%		19.8%	*0.8ppts*	18.6%		20.5%
Reported COR	**(B+C+D+E)/A**	127.5%		104.9%	*(15.6ppts)*	111.9%		96.5%
Current year COR	**(B+C+E)/A**	118.5%		117.1%	*11.2ppts*	129.7%		120.5%
Number of earned policies		539k			*(18.6%)*	662k		
Policies in force – Saga motor		463k			*(13.5%)*	535k		

The Group's in-house underwriter, AICL, underwrites over 65% of the motor business sold by Insurance Broking, alongside a smaller proportion of business on other panels. Alongside this, AICL underwrites a portion of Saga's home panel, although all home underwriting risk is passed to third-party insurance and reinsurance providers. AICL also has excess of loss and funds-withheld quota share reinsurance arrangements in place, relating to its motor underwriting line of business, which transfer a significant proportion of motor insurance risk to third-party reinsurers.

In line with the wider market, AICL has experienced a prolonged period of elevated claims inflation that in the 12 months to 31 January 2024, was estimated at around 15%. In response to this, material price increases have been applied over the past 12 months; however, these take time to fully flow through to insurance revenue.

Gross insurance revenue increased 7.1% to £169.8m (2023: £158.5m[17]), reflecting a 31.6% increase in average earned premiums. This was only partially offset by the 18.6% reduction in the number of earned policies underwritten by AICL, particularly those underwritten for Saga as opposed to other panels.

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

The above factors, when combined, result in a reduced current year gross COR of 118.5% (2023: 129.7%[17]); however, after allowing for reinsurance arrangements, this reduced further to 117.1% (2023: 120.5%[17]).

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

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

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

18 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Other Businesses and Central Costs

£m	12m to Jan 2024 Other Businesses	12m to Jan 2024 Central Costs	12m to Jan 2024 Total	*Change*	12m to Jan 2023 (restated[19]) Other Businesses	12m to Jan 2023 (restated[19]) Central Costs	12m to Jan 2023 (restated[19]) Total
Underlying Revenue[20]:							
Money	6.4	–	6.4	*(19.0%)*	7.9	–	7.9
Publishing and CustomerKNECT	12.3	–	12.3	*19.4%*	10.3	–	10.3
Insight	–	–	–	*(100.0%)*	0.6	–	0.6
Other	–	–	–	*(100.0%)*	–	1.0	1.0
Total Underlying Revenue[20]	**18.7**	**–**	**18.7**	***(5.6%)***	**18.8**	**1.0**	**19.8**
Gross profit	**7.2**	**5.0**	**12.2**	***(8.3%)***	**8.1**	**5.2**	**13.3**
Operating expenses	(6.3)	(28.3)	(34.6)	*29.7%*	(8.9)	(40.3)	(49.2)
Investment income	–	5.4	5.4	*440.0%*	–	1.0	1.0
Net finance costs	–	(23.2)	(23.2)	*(5.9%)*	–	(21.9)	(21.9)
Underlying Profit/(Loss) Before Tax[20]	**0.9**	**(41.1)**	**(40.2)**	***29.2%***	**(0.8)**	**(56.0)**	**(56.8)**

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

Underlying Profit Before Tax[20] for Other Businesses, when combined, increased by £1.7m, from a £0.8m Underlying Loss Before Tax[20] in the prior year to an Underlying Profit Before Tax[20] of £0.9m in the current year, largely due to the decision to exit some of our smaller, loss-making activities of Saga Exceptional and Saga Insight. Revenue in Saga Money decreased by £1.5m due to market-wide equity release challenges arising from the inflationary environment.

Central operating expenses decreased to £28.3m (2023: £40.3m[19]). Gross administration costs, before Group recharges, decreased by £10.5m in the year, as a result of a cost-reduction programme enacted in the second half of the year and lower property costs following closure of the Group's unused offices. Net costs decreased by a further £1.5m due to higher Group recharges to the business units.

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

Other Businesses Underlying Profit/(Loss) Before Tax[20]

£**0.9**m

2023 – (£0.8m)

Central operating expenses

(£**28.3**m)

2023 – (£40.3m)[19]

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

20 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Group Chief Financial Officer's Review
continued

Cash flow and liquidity

Available Operating Cash Flow[21]

£m	12m to Jan 2024	*Change*	12m to Jan 2023 (restated[22])
Insurance Broking Trading EBITDA[21]	47.2	*(39.6%)*	78.2
Other Businesses and Central Costs Trading EBITDA[21]	(12.2)	*58.6%*	(29.5)
Trading EBITDA[21,23] from unrestricted businesses	**35.0**	***(28.1%)***	**48.7**
Dividends paid by Insurance Underwriting business	14.0	*(44.0%)*	25.0
Working capital and non-cash items	9.4	*206.8%*	(8.8)
Capital expenditure funded with Available Cash[21]	(21.6)	*(36.7%)*	(15.8)
Available Operating Cash Flow[21] before cash repayment from/(injection into) Cruise and Travel operations	**36.8**	***(25.1%)***	**49.1**
Cash repayment from/(injection into) River Cruise and Travel businesses	14.9	*183.7%*	(17.8)
Ocean Cruise Available Operating Cash Flow[21]	92.1	*290.3%*	23.6
Available Operating Cash Flow[21]	**143.8**	***161.9%***	**54.9**
Restructuring costs	(28.8)	*(>500.0%)*	(1.4)
Interest and financing costs	(39.3)	*(3.4%)*	(38.0)
Business acquisitions	–	*100.0%*	(0.9)
Tax receipts	4.6	*91.7%*	2.4
Other (payments)/receipts	(5.8)	*>500.0%*	0.3
Change in cash flow from operations	74.5	*330.6%*	17.3
Change in Ocean Cruise ship debt	(62.2)	*(34.1%)*	(46.4)
Cash at 1 February	157.5	*(15.6%)*	186.6
Available Cash[21] at 31 January	**169.8**	***7.8%***	**157.5**

Available Operating Cash Flow[21] is made up of the cash flows from unrestricted businesses and the dividends paid by restricted companies, less any cash injections to those businesses. Unrestricted businesses include Insurance Broking (excluding specific ring-fenced funds to satisfy Financial Conduct Authority (**FCA**) regulatory requirements), Other Businesses and Central Costs, and the Group's Ocean Cruise business. Restricted businesses include AICL, River Cruise and Travel.

As a result of significantly improved cash generation from the Ocean Cruise business and cash repayments from the River Cruise and Travel businesses, partially offset by a reduction in cash generation from unrestricted businesses, Available Operating Cash Flow[21] increased from an inflow of £54.9m in the prior year to £143.8m in the current year.

Excluding cash transfers to and from the Cruise and Travel businesses, the Group continued to be cash-generative in the year, with an Available Operating Cash Flow[21] of £36.8m compared with £49.1m in the prior year. Trading EBITDA[21,23] from unrestricted businesses reduced by £13.7m, mainly as a result of reduced motor margins in the Insurance Broking segment, partially offset by significant cost savings enacted in Other Businesses and Central Costs during the second half of the year. Changes in working capital were a £9.4m inflow in the current year, compared with an £8.8m[22] outflow in the prior year, mainly due to an increase in net premiums payable to our panel of underwriters following price increases in the year due to high claims inflation. This was only partially offset by price increases to customers, as a result of the reduction in motor margins and the inability to pass these price rises on to fixed-price product holders. Dividends from AICL reduced by £11.0m, as expected.

21 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

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

23 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

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

The Ocean Cruise business reported an Available Operating Cash Flow[24] of £92.1m (2023: £23.6m), with an increase in advance customer receipts of £13.7m (2023: decrease of £4.1m) and net trading income of £82.2m (2023: £31.6m), partially offset by capital expenditure of £3.8m (2023: £3.9m).

Net of interest costs of £15.2m (2023: £15.2m) and exceptional costs of £1.0m (2023: nil), the Ocean Cruise business reported a net cash inflow, before capital repayments on the ship debt, of £75.9m for 2023/24 compared with £8.4m in the prior year.

Other cash flow movements

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

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

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

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

The Group continued to make the agreed payments to the defined benefit pension fund as part of the deficit recovery plan of £5.8m (2023: £5.8m). These are included within other payments. In the prior year, other receipts also included £5.0m of restricted cash released to Available Cash[24] that the Group had previously agreed with the FCA to hold on a temporary basis and a further £1.1m in respect of the Threshold Condition 2.4 balance that the Insurance Broking business holds as restricted cash.

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

24 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Group Chief Financial Officer's Review
continued

Reconciliation between operating and reported metrics

Available Operating Cash Flow[25] reconciles to net cash flows from operating activities as follows:

£m	12m to Jan 2024	Change	12m to Jan 2023
Net cash flows from/(used in) operating activities (reported)	83.7	*702.2%*	(13.9)
Exclude cash impact of:			
Trading of restricted divisions	(13.0)	*(136.8%)*	35.3
Non-trading costs	34.6	*361.3%*	7.5
Interest paid	38.2	*1.6%*	37.6
Tax (received)/paid	(3.2)	*(455.6%)*	0.9
	56.6	*(30.4%)*	81.3
Cash released from restricted divisions	28.9	*301.4%*	7.2
Include capital expenditure funded from Available Cash[25]	(21.6)	*(36.7%)*	(15.8)
Include Ocean Cruise capital expenditure	(3.8)	*2.6%*	(3.9)
Available Operating Cash Flow[25]	**143.8**	***161.8%***	**54.9**

Underlying Revenue[25] reconciles to the statutory measure of revenue as follows:

£m	12m to Jan 2024	Change	12m to Jan 2023 (restated[26])
Underlying Revenue[25]	732.7	*12.9%*	648.9
Ceded reinsurance premiums earned on business underwritten by the Group	17.0	*14.9%*	14.8
Onerous contract provision	(3.1)	*(100.0%)*	–
Ocean Cruise insurance compensation for refunds paid to customers	(5.0)	*(100.0%)*	–
Ocean Cruise discretionary customer ticket refunds	(0.9)	*(100.0%)*	–
Insurance Underwriting profit commission	(0.9)	*(100.0%)*	–
Exit from smaller, loss-making activities	1.3	*100.0%*	–
Revenue	**741.1**	***11.7%***	**663.7**

Trading EBITDA[25] reconciles to Underlying Profit Before Tax[25] as follows:

£m	12m to Jan 2024	Change	12m to Jan 2023 (restated[26])
Insurance Broking Trading EBITDA[25]	47.2	*(39.6%)*	78.2
Insurance Underwriting Trading EBITDA[25]	1.2	*(90.7%)*	12.9
Ocean Cruise Trading EBITDA[25,27]	74.8	*91.8%*	39.0
River Cruise and Travel Trading EBITDA[25]	5.5	*167.9%*	(8.1)
Other Businesses and Central Costs Trading EBITDA[25]	(12.2)	*58.6%*	(29.5)
Trading EBITDA[25]	**116.5**	***25.9%***	**92.5**
Depreciation and amortisation	(34.4)	*(1.2%)*	(34.0)
Net finance costs (including Cruise, Travel and Insurance Underwriting)	(43.9)	*(2.1%)*	(43.0)
Underlying Profit Before Tax[25]	**38.2**	***146.5%***	**15.5**

25 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
26 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'
27 Ocean Cruise Trading EBITDA includes Ocean Cruise overheads

Adjusted Trading EBITDA[28] is used in the Group's leverage calculation for the Revolving Credit Facility (**RCF**) covenant and is calculated as follows:

£m	12m to Jan 2024	*Change*	12m to Jan 2023 (restated[29])
Trading EBITDA[28]	116.5	*25.9%*	92.5
Impact of accounting standard changes since 31 January 2017	1.7	*(39.3%)*	2.8
Spirit of Discovery and Spirit of Adventure Trading EBITDA[28,30]	(74.8)	*(91.8%)*	(39.0)
Adjusted Trading EBITDA[28]	**43.4**	***(22.9%)***	**56.3**

Ocean Cruise Trading EBITDA[28,30] reconciles to Ocean Cruise Trading EBITDA (Excluding Overheads)[28] as follows:

£m	12m to Jan 2024	*Change*	12m to Jan 2023
Ocean Cruise Trading EBITDA[28,30]	74.8	*91.8%*	39.0
Ocean Cruise overheads	15.1	*(41.1%)*	10.7
Ocean Cruise Trading EBITDA (Excluding Overheads)[28]	**89.9**	***80.9%***	**49.7**

Statement of financial position

Goodwill

During the first half of 2023, high claims cost inflation, particularly in motor, put pressure on the Insurance business. Combined with the impact of Saga's three-year fixed-price products and highly competitive market conditions, this led to lower margins per policy and lower overall Underlying Profit Before Tax[28] for the Insurance Broking business, compared with prior growth assumptions. The Group, therefore, conducted an impairment review of the £449.6m Insurance goodwill asset that was included on the statement of financial position at 31 January 2023.

The Group's five-year financial forecasts incorporated the impact of the changes in the market environment, including the impact of continued pressure on margins. Further stress tests were considered, including the continuation of high claims cost inflation for an extended period and further downsides compared with revised base case assumptions. This resulted in management taking the decision to impair Insurance goodwill by £68.1m as at 31 July 2023.

The market challenges in Insurance persisted through the second half of the year and our latest five-year forecasts have, therefore, been focused on effectively balancing the protection and, ultimately, growth of policy sales with the longer-term sustainability of the business. This, however, is expected to result in reduced profitability in the short term, when compared with previous growth projections. Management therefore considered it necessary to perform a further impairment assessment of goodwill as at 31 January 2024. Forecast cash flows, consistent with the latest five-year plan and further stress tests, including the impact of a slower recovery from high claims inflation, have been modelled. As a result, management has taken the decision to impair Insurance goodwill by a further £36.8m, taking the total impairment charge for the year to £104.9m. Consistent with the approach taken in previous years, this impairment is not included within Underlying Profit Before Tax[28].

Carrying value of Ocean Cruise ships

At 31 January 2024, the carrying value of the Group's Ocean Cruise ships was £586.7m (31 January 2023: £607.0m). Trading performance in the current year has been very positive, and, with strong bookings for 2024/25, the Directors concluded that there were no indicators of impairment at 31 January 2024.

28 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
29 The prior year has been restated to reflect the adoption of IFRS 17 'Insurance Contracts'
30 Ocean Cruise Trading EBITDA includes Ocean Cruise overheads

Group Chief Financial Officer's Review
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Investment portfolio

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

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

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

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

Insurance reserves

Analysis of insurance contract liabilities at 31 January 2024 and 31 January 2023 is as follows:

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

The Group's total insurance contract liabilities, net of reinsurance assets, decreased by £9.2m in the year to 31 January 2024 from the previous year end, primarily due to a £26.5m reduction in net incurred claims reserves.

This was partially offset by a £19.0m increase in net remaining coverage claims reserves. This was driven by a deterioration in gross liabilities for claims incurred in prior years in 2023/24, which in turn, was driven by further claims inflation and an adverse development on one specific large claim.

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

Financing

At 31 January 2024, the Group's Net Debt[32] was £637.2m, £74.5m lower than at the beginning of the financial year. The Group's total leverage ratio was 5.4x as at 31 January 2024 (31 January 2023: 7.5x).

Net Debt[32] is analysed as follows:

£m	Maturity date[33]	31 January 2024	31 January 2023
3.375% Corporate bond	May 2024	150.0	150.0
5.5% Corporate bond	July 2026	250.0	250.0
RCF	May 2025	–	–
Loan facility with Roger De Haan	April 2026	–	–
Spirit of Discovery ship loan	June 2031	173.6	204.2
Spirit of Adventure ship loan	September 2032	233.4	265.0
Less Available Cash[32,34]		(169.8)	(157.5)
Net Debt[32]		**637.2**	**711.7**

Adjusted Net Debt[32] is used in the Group's leverage calculation and reconciles to Net Debt[32] as follows:

£m	31 January 2024	31 January 2023
Net Debt[32]	637.2	711.7
Exclude ship loans	(407.0)	(469.2)
Exclude Ocean Cruise Available Cash[32]	2.7	1.4
Adjusted Net Debt[32]	**232.9**	**243.9**

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

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

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

At 31 January 2024, the RCF remained undrawn.

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

During the year, the Group agreed an extension of the loan facility in place with Roger De Haan, increasing the amount that can be drawn from £50.0m to £85.0m. The facility, which came into effect on 1 January 2024, and was undrawn at 31 January 2024, is unsecured, and the interest rate remains at 10% provided that drawn funds are used to repay the corporate bonds due in May 2024. If the loan facility is drawn for general corporate purposes, the interest rate increases to 18%. While the Group expects to draw down the loan facility as part of the 2024 bond repayment, it is not likely to draw the funds for any other purpose. The revision included some other amendments that are not considered significant but, for the most part, it continues to follow the wording of the Group's RCF. The termination date of the facility with Roger De Haan was also extended from 30 June 2025 to 31 December 2025.

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

Net Debt[32]

£637.2m

2023 – £711.7m

Total leverage ratio

5.4x

2023 – 7.5x

32 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

33 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

34 Refer to Note 25 of the financial statements for information as to how this reconciles to a statutory measure of cash

Group Chief Financial Officer's Review
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Pensions

The Group's defined benefit pension scheme liability, as measured on an International Accounting Standard 19R basis, increased by £35.8m to a £47.9m liability as at 31 January 2024 (31 January 2023: £12.1m).

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

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

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

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

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

Net assets

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

The decrease in total assets is primarily due to:

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

The increase in total liabilities largely reflects:

- an increase of £33.3m in contract liabilities due to the improved forward booking position of the Cruise and Travel businesses;
- an increase in retirement benefit scheme liability of £35.8m;
- an increase in gross insurance contract liabilities of £51.8m;
- an increase in trade and other payables of £14.8m; and
- a decrease of £68.4m in financial liabilities, which is mainly due to a reduction of £58.4m in bond and bank loans, as a result of capital repayments on Spirit of Discovery and Spirit of Adventure facilities.

Effect of IFRS 17 on net assets

£m	31 Jan 2024	*Change*	31 Jan 2023
Net assets (under previous IFRS)	228.9	*(140.6)*	369.5
Reversal of management margin under previous IFRS	17.8	*(6.1)*	23.9
ENIDs under IFRS 17	(5.9)	*2.1*	(8.0)
IFRS 17 risk adjustment	(6.6)	*1.7*	(8.3)
New approach to reserve margin	5.3	*(2.3)*	7.6
Revised PPO carer wage inflation assumption	(16.6)	*24.9*	(41.5)
Different discount rate for PPOs and related reinsurance assets	9.3	*(28.8)*	38.1
Change in valuation of PPO reserves *(other than due to 'margin')*	(7.3)	*(3.9)*	(3.4)
Discounting non-PPO liabilities and related reinsurance assets	10.4	*(1.7)*	12.1
Expense acquisition costs when incurred	–	*13.9*	(13.9)
Onerous contract provision *(net of related reinsurance assets)*	(14.8)	*(9.1)*	(5.7)
Other individually immaterial items	(0.8)	*1.3*	(2.1)
Deferred taxation	1.8	*0.5*	1.3
Impact of IFRS 17 on net assets	(5.4)	*(1.3)*	(4.1)
Net assets under IFRS 17	**223.5**	***(141.9)***	**365.4**

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

- £9.1m increase in the net onerous contracts provision held in relation to motor insurance contracts. This was driven by a combination of an increase in contracts that were onerous at initial recognition (primarily due to renewals in years two and three of three-year fixed-price policies) and an upwards revaluation of the provision due to prolonged claims inflation.
- £2.3m reduction in the positive impact of the new approach to reserve margin. This is due to a £6.1m reduction in the management margin held under previous IFRS being greater than the £3.8m reduction in IFRS 'margin' (ENIDs and risk adjustment).
- £3.9m negative movement due to a change in the impact of revaluing PPO reserves under IFRS 17. The two impacts of IFRS 17 changes to PPO valuation assumptions (being the carer wage inflation assumption and the discount rate) would typically largely offset each other, however, this is not exact due to the complexities of valuing PPO liabilities, including related potential lump sum awards. This is particularly the case in a changing economic environment.
- £1.7m negative movement in the impact of discounting non-PPO claim reserves at the IFRS 17 discount rate. This is due to a reduction in the Group's net non-PPO claim reserves, which in turn, is due to an increase in the proportion of gross non-PPO reserves that are ceded to reinsurers.

These are, however, partially offset by:

- £13.9m reduction to the negative impact of expensing insurance acquisition costs when incurred under IFRS 17, instead of deferring them over the life of the policy under previous IFRS. This reduced impact is the result of an impairment to the deferred acquisition costs asset that would have been recognised in the year to 31 January 2024 under IFRS 4;
- £1.3m of other individually immaterial adjustments; and
- £0.5m deferred tax impact of the above adjustments.

Group Chief Financial Officer's Review
continued

Going concern

The Directors have performed an assessment of going concern to determine the adequacy of the Group's financial resources over a period of 15 months from the date of signing these financial statements, a period selected to include consideration of the expiry date of the Group's currently undrawn £50.0m RCF in May 2025 and the first covenant test date falling due after that expiry for the Group's ship debt facilities.

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

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

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

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

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

In addition, in both the base and stressed scenario, and further incorporating a drawdown under the Group's £85.0m loan facility with Roger De Haan, repayable in April 2026, the Group expects to have sufficient resources to enable repayment of the £150.0m senior bonds on maturity in May 2024 from Available Cash[35] resources.

Over the same time frame and on the same basis, the Group also expects to remain within the renegotiated financial covenants and other terms relating to its £50.0m RCF, as set out in Note 30, in both the base case and the stressed case scenario, enabling it to draw down on this currently undrawn facility, until maturity in May 2025, to meet short-term working capital requirements, should the need arise.

Following the repayment of the £150.0m senior bonds, the Group will operate with a lower level of Available Cash[35]. This may lower the Group's ability to withstand events that are beyond those contemplated in the severe but plausible stressed scenario. Notwithstanding this, the Group has sufficient resources in both the base and severe but plausible stressed scenarios to continue in operation for at least the next 15 months.

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

Dividends and financial priorities for 2024/25

Dividends

Given the Group's priority of reducing Net Debt[35], the Board of Directors does not recommend payment of a final dividend for the 2023/24 financial year, nor would this currently be permissible under financing arrangements and while the ship debt facility deferred amounts are outstanding.

Financial priorities for 2024/25

The Group's financial priorities for the current financial year are to reduce Net Debt[35] via capital-light growth, explore partnership opportunities that could support this objective, continue the growth trajectory of the River Cruise and Travel businesses, and balance the protection and, ultimately, growth of policy sales with the delivery of sustainable profitability within Insurance.

Mark Watkins
Group Chief Financial Officer
16 April 2024

35 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Environmental, Social and Governance

Continuing our ESG journey

At Saga, we recognise the importance of Environmental, Social and Governance (**ESG**) matters and, over the past year, we have made significant progress in our ESG performance and direction of travel.

In early 2023, we launched Saga's first ESG strategy, including a focus on championing positive ageing, acting on climate change and biodiversity and strengthening our exceptional culture. Our strategy ensures that the business, and its stakeholders, are clear on our priority areas of focus and where we can improve performance in the coming years. Following the launch of our strategy, we published supporting key performance indicators (**KPIs**) and targets, against which we will track and report on our progress going forward.

Our highlights during the year included calculation of our Scope 3 (supply chain) emissions footprint, the launch of a diversity review across our colleague base, and the delivery of the second part of our training on the experience of ageing to all colleagues. We also signed the Science Based Targets initiative (**SBTi**) commitment letter, signalling our intent to work towards setting a science-based target to achieve net zero by 2050.

The important themes captured under the banner of ESG are priority areas for Saga, which we see as essential to ensuring the future success of our brand. There is much more to do, and we hope our ongoing efforts will drive positive change.

"The important themes captured under the banner of ESG are priority areas for Saga, which we see as essential to ensuring the future success of our brand."

Mike Hazell
Group Chief Executive Officer

Our ESG framework

Purpose	Saga exists to deliver exceptional experiences every day to serve the needs of older people.		
Strategic pillars	**Championing positive ageing**	**Acting on climate change and biodiversity**	**Strengthening our exceptional culture**
Strategic objectives	The ambition to enhance the lives of older people is at the heart of everything we do.	As we provide opportunities for older people, we must ensure that we protect our environment.	An engaged, inclusive and diverse culture encourages our colleagues to thrive.
KPIs	• Customer transactional net promoter score. • Proportion of customers determining that it is 'extremely easy' to deal with Saga. • Trustpilot score. • Proportion of colleagues completing training on the experience of ageing.	• Calculation of carbon baseline, including Scope 3 emissions. • Development of net zero pathway. • Cruise ship environmental ratings. • Proportion of cruise ship fleet with shore power connection. • Partnerships on oceans and biodiversity.	• Female representation in leadership positions. • Female Board representation. • Ethnic minority Board representation. • Completion of colleague diversity review.
Related Sustainable Development Goals	3 Good health and well-being; 12 Responsible consumption and production	13 Climate action; 14 Life below water	8 Decent work and economic growth; 10 Reduced inequalities
Governance	A governance framework that ensures how we work is as important as what we do and why we do it.		

Refer to our 2024 ESG Report for further information on ESG performance and progress against our KPIs during the year

Environmental, Social and Governance
continued

Task Force on Climate-Related Financial Disclosures Report

Our climate-related financial disclosures

We support and recognise the importance of the Task Force on Climate-Related Financial Disclosures (**TCFD**) in providing a framework for transparent reporting around climate-related risks and opportunities. In this context, and in line with our obligation under Financial Conduct Authority (**FCA**) Listing Rule (**LR**) 9.8.6(8), the following pages set out our disclosures consistent with the TCFD recommendations and recommended disclosures, including the TCFD guidance for all sectors.

During the year, we focused on undertaking climate change scenario analysis and risk assessments across the Saga Group. We are actively building improved integration of climate risk into financial planning and will consider this disclosure for future years' reporting.

1 Governance

Find out more to the right

2 Strategy

Find out more on pages 39-41

3 Risk management

Find out more on page 42

4 Metrics and targets

Find out more on pages 42-43

1 Governance

The Board oversees climate-related risk exposure within its risk management framework. The Board is informed of climate-related issues on a regular basis through management reporting and escalation through its committees. The Board has overall accountability for risks associated with climate change and commits to including climate-related risk formally on the Board agenda, including the oversight of emissions performance and embedding climate resilience into risk management, as part of the wider ESG strategy. Our ESG Champion provides Board-level advocacy for ESG, including factors related to climate change.

The Risk Committee examines climate-related risk as part of its consideration of principal risks and uncertainties (**PRUs**). The Risk Committee also meets to discuss the Group's overall risk tolerance, strategy and ability to detect new risks, including those related to climate change. The Committee Chair reports their recommendations to the Board, outlining the PRUs, how they are identified and any mitigating actions.

The Audit Committee monitors the integrity of the Group's financial statements and works with the Risk Committee to oversee the effectiveness of internal control systems.

The Operating Board is tasked with ESG delivery, including climate-related risk assessment, and ensuring that action and performance management on climate issues are delivered throughout the organisation. It also holds responsibility for overseeing major capital expenditure, acquisitions and divestitures. The Operating Board reports to the Board through the Group Chief Executive Officer (**CEO**).

Find out more in division of responsibilities on page 62

In 2023, we developed our ESG strategy, which includes a focus on acting on climate change. Both the Operating Board and plc Board were engaged in the strategy development process and approval. Senior management incentives during the year were aligned with progress on climate-related goals, including a requirement to complete climate change scenario analysis. Management incentives are tied to achievement of the ESG targets described within our 2024 ESG Report.

We have established an ESG Steering Committee, with representation from senior managers within each of our business units and key Group functions. This Committee is chaired by the Chief People Officer and has responsibility for implementing ESG initiatives, including measures relating to climate change.

Board and Committee responsibilities

Board
Overall accountability for management of climate-related risks and opportunities. Discussed bi-annually, and as needed, following escalation from its committees.

Audit Committee
Oversees framework of internal controls, including those on climate-related risk. Discussed annually as part of year-end reporting.

Risk Committee
Oversees risk management framework, including climate-related risk management. Discussed as part of PRUs review.

Remuneration Committee
Sets performance-linked pay schemes, including implementation of ESG-related incentives.

Operating Board
Implements ESG strategy and ensures integration of climate-related actions within strategies, budgets and operating plans. Discussed quarterly.

ESG Steering Committee
Supports and monitors delivery of ESG priorities and targets, and drives ESG accountability across the business unit and Group functions.

2 Strategy

Our ESG strategy includes a commitment to act on climate change and biodiversity, supported by targets focused on calculating Scope 3 emissions, setting a net zero target approved by the SBTi and introducing low-carbon technologies to our ship fleet.

Following a commitment to do so within our 2023 Annual Report and Accounts, we completed scenario analysis to assess the resilience of the Group against potential future climate change impacts.

Our analysis involved engagement with each of our business units, facilitated by key central functions and supported by external advisers.

We assessed climate-related risks across our business units and within our key operating regions. The timeframes used in our scenario analysis were chosen for their relevance, both to our own operations, including the lifespan of our assets, as well as to international pledges on emissions reductions.

Risks and opportunities were evaluated on a sectoral and geographical basis in alignment with the climate-related risk and opportunity categories described within tables A.1.1 and A.1.2 of the TCFD Implementation Guidance.

Our most significant risks and opportunities are described in the table below.

Risks

1 Acute physical

Description
Increasingly severe rain, drought, heat and storm events cause supply chain disruption, leading to reduced customer experience and increased business costs. Incidents of severe weather affect Cruise and Travel itineraries and availability of supplies across business activities.

Increased Insurance claims for property damage (motor and home lines), and risks to health (private medical and travel lines) affect claims frequency, profitability and reinsurance costs. Damage to customers' assets may also lead to withdrawals from savings accounts.

Mitigation
Cruise and Travel itineraries are continually reviewed and updated in response to incidents, including those related to weather. Insurance control measures are largely dependent on third-party underwriters, although we have greater control over our in-house underwritten book. The ongoing transition of the Saga Magazine from paper to digital media will reduce reliance on supply chain factors, including paper supplies.

Category
P Physical

Business units
Cruise, Travel, Insurance, Money and Publishing

Time horizon

Short term (2023–2030)	Medium term (2030–2040)	Long term (2040–2050)

2 Chronic physical

Description
Sea level rise and altered weather patterns result in increased coastal erosion and flooding. Port operations (Cruise), beach front destinations (Travel), property (Insurance) and general supply chains (including Publishing) are disrupted. Consequent flooding and infrastructure damage leads to general disruption and complaints.

Mitigation
The Cruise and Travel business models allow flexibility in the sites visited and accommodation used, enabling adaptability to changing weather patterns. Insurance control measures are largely dependent on third-party underwriters, although we have greater control over our in-house underwritten book. Communication with customers around delays to the magazine delivery may mitigate reputational impact.

Category
P Physical

Business units
Cruise, Travel, Insurance and Publishing

Time horizon

Short term (2023–2030)	Medium term (2030–2040)	Long term (2040–2050)

Environmental, Social and Governance
continued

Task Force on Climate-Related Financial Disclosures continued

2 Strategy continued

3 Policy and legal

Description
Growing exposure to regulatory requirements, including emissions taxation, carbon pricing and reporting burden, increases costs across all business units. Potential reputational damage and litigation arise due to incidents of non-compliance with more rigorous regulation.

Mitigation
Saga has tracked emissions for a number of years, building an understanding of emissions sources. Our Cruise fleet is relatively new and less polluting than industry counterparts. Saga is positioned to establish decarbonisation plans towards 2050, while existing practices, including sulphur scrubbing, enhanced hull cleaning and shore power connectivity, are reducing emissions over time.

Category
T Transition

Business units
Cruise, Travel, Insurance, Money and Publishing

Time horizon
Short term (2023–2030) Medium term (2030–2040) Long term (2040–2050)

4 Market and technology

Description
Adaptation to lower-carbon practices including retro-fit of ships (Cruise), use of sustainable aviation fuels (Travel), incentives for low-emissions home improvements (Insurance) and digital media products (Publishing) drive increasing costs and product pricing. Failure to adapt could lead to reputational damage and competitive disadvantage.

Mitigation
Saga can promote sustainable travel options and will proactively implement strategic initiatives including net zero planning focused on maintaining competitiveness. The ongoing transition to digital media products, alongside media content focused on environmental protection, aligns with an increasingly climate-conscious customer base.

Category
T Transition

Business units
Cruise, Travel, Insurance and Publishing

Time horizon
Short term (2023–2030) Medium term (2030–2040) Long term (2040–2050)

Opportunities

1 Energy and resource efficiency

Description
Collaboration with supply chains, including ship technology providers and fuel suppliers, will enable introduction of energy savings to Cruise activities.

Increased use of low-emission drop-in fuels, improved ship specifications on new vessels, and retro-fit of technology to existing vessels can improve asset efficiency, extending asset life and ensuring Cruise products remain relevant into the future.

The ongoing shift to digital media products from traditional paper products will reduce operational costs and improve climate resilience by simplifying supply chains.

2 Products and services

Description
The physical impacts of climate change may open new geographies for travelling and incentivise innovative travel offerings at differing times of the year.

Customer involvement in sustainability-focused holidays, media products focused on sustainability themes, and other avenues, provide a growing method of engagement with our customer base.

ESG themes can increasingly feature in product portfolios, including within insurance and investment products.

3 Market resilience

Description
Group-wide net zero planning provides an opportunity to improve resilience through understanding decarbonisation routes and opportunities to engage with, and strengthen, supply chains.

Climate-conscious financial products can be tailored to reward customers for sustainable behaviours.

Scenario analysis

During the year, we undertook scenario analysis aligned to the recommendations of the TCFD, utilising a range of scenarios across both normative and exploratory pathways. We intend to refresh this analysis on a regular basis going forward.

Climate scenarios

Our scenario analysis examined three Shared Socioeconomic Pathway (**SSP**) scenarios from the Intergovernmental Panel on Climate Change (**IPCC**) and three transition scenarios from the International Energy Agency (**IEA**). We also considered sector-specific transition guidance from the International Maritime Organization (**IMO**) and UMAS. These scenarios were selected as the most current projections of future climate change relevant to Saga's business activities.

Geographic regions

We selected four key global regions, as defined by the IPCC, as the focus of our scenario analysis, based on their significance to the operations of our business units. These were:

- United Kingdom (**UK**);
- Mediterranean;
- Europe; and
- Eastern North America.

The UK region is significant as the base for the majority of our operations, and as the location of the majority of our assets, customers, and insured properties and vehicles. The other global regions selected collectively contribute the majority of revenue for our Cruise and Travel business units as destination locations.

Time horizons

We considered the following time horizons:

- Short term (2023–2030)
- Medium term (2030–2040)
- Long term (2040–2050)

Time horizons up to 2050 were assessed due to the significance of this date for transition scenarios in alignment with international pledges on emissions reductions, and the expected manifestation of significant physical climate impacts by this date.

Methodology

We conducted an initial desktop study to identify Saga's resilience to potential climate impacts based on our selected climate scenarios, across our chosen regions and time horizons.

We then conducted workshops with risk, finance and operational subject matter experts within each of our business units and key Group functions.

Based on the outputs of these workshops, risks were assessed for their impact and likelihood and aligned to Saga's risk management framework and scoring mechanism.

Summary of findings

Our findings highlighted the shorter-term adaptation to a low-carbon economy and increasing exposure to regulatory requirements, including emissions taxation and carbon pricing, as well as a growing reporting expectation, as key transition risks to the Group. In the longer term, we found that the increasingly severe acute and chronic impacts of climate change could disrupt supply chains, leading to negative impacts on customer experience, higher insurance premiums, and supply chain issues.

Our findings identified that our strategy remains appropriate based on the risks and opportunities identified within each scenario, although we recognise the need to continue to develop our climate resilience going forward.

Summary of scenarios analysed

	Scenario models utilised	Scenario summary
Low-emission (best-case) scenario	Physical climatic impacts are minimised and are less severe than in the medium- and high-emission scenarios. Advancements in technical and operational efficiency temper growth in energy demand across sectors, and alternative fuels contribute the majority of supply to the shipping sector.	Physical: IPCC SSP1-2.6: projected global temperature increases of 1.3°C–2.4°C by 2100. Transition: IEA Net Zero Emissions Scenario – 1.5°C; UMAS – 1.5°C; IMO – 1.5°C to below 2°C.
Medium-emission (most likely) scenario	Physical climatic impacts are more severe than in the low-emission scenario but less severe than in the high-emission scenario. Significant emission reductions occur within electricity generation, despite a doubling of demand driven by increased electrification. Transport and industry see a less-marked fall in emissions, with increased energy demand in regions without net zero pledges partially offsetting emissions reduction efforts in other regions.	Physical: IPCC SSP2-4.5: projected global temperature increase of 2.1°C–3.5°C by 2100. Transition: IEA Announced Pledges Scenario – 1.7°C.
High-emission (worst-case) scenario	Physical climatic impacts are more severe than in the medium-emissions scenario. The energy mix of fossil fuels falls slightly, although overall energy demand is increased, driven by growing populations, higher incomes and rising temperatures increasing demand for space cooling (e.g. air conditioning).	Physical: IPCC SSP5-8.5: projected global temperature increase of 3.3°C–5.7°C by 2100. Transition: IEA Stated Policies Scenario – 3.5°C.

Environmental, Social and Governance
continued

Task Force on Climate-Related Financial Disclosures continued

3 Risk management

Process for identifying and scoring risks

Climate risk considerations are built into the Group risk management framework which is applied across our business units. Risks are identified and assessed against the Group risk assessment matrix which scores frequency and probability of risks against their impact. An ESG category is included within the risk assessment matrix used across the Group, ensuring ESG considerations (including climate-related impacts) are captured. Climate-related risks are scored based on the significance of their financial, operational and regulatory impact, consistent with other categories of risk.

Climate-related risks are documented alongside key controls used to mitigate risk.

Process to manage climate-related risks

Climate-related risks are considered at a business unit level by management and reported to the relevant boards and risk committees. Risks are escalated as required. ESG and climate change are treated as one of Saga's PRUs, which are considered by the Risk Committee, comprising three Non-Executive Directors.

The Board sets risk appetite and associated metrics. Where risks are considered out of appetite, or where mitigation measures are insufficient, actions are assigned to resolve this. Risk appetite status and action plans to resolve out-of-appetite risks are reported to the Risk Committee on a regular basis. Accountability for management of climate-related risks is held by the relevant business unit leadership team and, at the Group level, by the Group CEO.

Find out more in risk management on pages 44-45

4 Metrics and targets

During the year, we published a set of ESG targets with a focus on the key themes of our ESG strategy, including acting on climate change. Our executive remuneration plans are partially tied to performance against these ESG targets, which include the following:

- Identify material Scope 3 greenhouse gas (**GHG**) categories and calculate and report against these by December 2024.
- Develop a net zero pathway and net zero target, approved by the SBTi.
- Maintain an A-rating on our owned ships in the Energy Efficiency Existing Ship Index (**EEXI**) and Carbon Intensity Indicator (**CII**) ratings up to December 2026, and investigate ways to improve EEXI and CII scores beyond December 2026.
- Introduce shore power capability on 100% of river and ocean cruise vessels by December 2025.

Saga uses a cross-industry GHG emissions metric, and we continue to develop our capability in understanding our emissions performance and areas for improvement.

We have made progress in identifying and calculating material Scope 3 emissions to inform our carbon baseline for net zero planning, further details of which are included in our Streamlined Energy and Carbon Report below. Our carbon accounting methodology is aligned to the GHG Protocol and UK Government conversion factors for company reporting.

We have also signed the SBTi commitment letter, confirming our intent to set a net zero target by the end of 2025. Meanwhile, we will continue to maintain the strong performance of our cruise fleet in line with the EEXI and CII ratings, while retro-fitting carbon-efficient technologies to our vessels.

Find out more about our ESG KPIs and targets, including GHG emissions, in our 2024 ESG Report.

Find out more in our Annual Report on Remuneration on pages 77-91

Energy and carbon statement

Saga plc reports all emissions sources within its operational boundary pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the Government's policy on Streamlined Energy and Carbon Reporting (**SECR**).

Further reporting on Scope 3 emissions and energy efficiency are available in our 2024 ESG Report.

Methodology

Emissions calculations were based on the UK Government's Environmental Reporting Guidance (2013), the GHG Protocol (2004:2015) and the UK Government's GHG Conversion Factors for Company Reporting (2023 and 2022).

In limited instances where primary data for purchased energy was not available, assumptions were made based on averages for surrounding months within the same site to account for energy performance and seasonal variation.

Greenhouse gas emissions in tonnes of carbon dioxide equivalent (tCO_2e)

Emissions scope	2023/24 emissions	2022/23 emissions
Scope 1[1]	**108,188**	105,939
Scope 2 (location-based)	**1,061**	1,296
Scope 3 (business travel)	**101**	65[2]
Total Scope 1, 2 (location-based) and 3 (business travel)	**109,350**	107,300
Scope 1 ,2 and 3 emissions intensity per £m Trading EBITDA[3]	**939**	1,160[2]

1 Including fugitive refrigerant emissions of 73 tCO_2e (2023/24) and 14 tCO_2e (2022/23), outside of the required scope of SECR reporting requirements reported on a voluntary basis

2 2022/23 Scope 3 emissions have been restated from the 2023 Annual Report and Accounts due to a removal of out-of-scope travel modes. For further details of Scope 3 emissions, please refer to our 2024 ESG Report

3 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Emissions summary and rationale

Saga plc's 2023/24 SECR-aligned emissions footprint (covering fuel combusted in company controlled and owned vehicles and sites, purchased electricity and business travel related to rented vehicles) was 109,350 tCO_2e, with an intensity of 939 tCO_2e per £m Trading EBITDA[4]. Our combined Scope 1 and 2 footprint was 109,249 tCO_2e. Total energy consumption was 427,855 megawatt hours.

Between 2023 and 2024, the emissions intensity of UK grid electricity increased by 7% due to increased natural gas usage, and the average temperature across the reporting period increased by 0.9°C. During the year, we trialled use of a fatty acid methyl ester (**FAME**) 5% biofuel mix across 490 tonnes of fuel in our cruise vessel, Spirit of Adventure.

Per tonne of fuel, this trial reduced emissions by 7% compared with marine gas oil and 4% when compared with marine fuel oil.

The International Energy Agency and International Renewable Energy Agency predict that FAME will become a more viable fuel alternative as production and yield improve towards 2030.

Diversity, equity and inclusion (DE&I)

Noting the targets set out in LR 9.8.6R(9), the Board is committed to improving its diversity in the coming years. As at 31 January 2024, female Board representation was 22%, below the 40% recommendation of the FTSE Women Leaders Review, while the Board met the Parker Review recommendation that one non-executive director identify as being from an ethnically diverse background.

We do not yet meet the recommendation that at least one of the CEO, Chief Financial Officer (**CFO**), Senior Independent Director (**SID**) or Chair roles be held by a woman.

We have set externally published targets to develop female representation on the Board to at least 40% by 2027, and to maintain at least one director from an ethnically diverse background by the same date.

In accordance with the Listing Rules, the tables below detail the diversity profile of the Board and executive management.

This data was collated from our colleague database, populated using information provided by each individual at recruitment, or during our diversity data collection exercise. Our colleagues are asked to select their relevant characteristics on both sex/gender and ethnicity.

The Nomination Committee Report on pages 64-66 sets out further detail on our approach to Board diversity.

Gender pay report

We support the UK Government's ambition to address the gender pay gap. Our report detailing our gender pay gap and commitments can be found on our website (www.saga.co.uk/gender-pay-review). We have set a target to increase female representation across leadership positions to 50% by 2027.

Colleague diversity reporting on gender identity or sex

	Number of colleagues[5]	Percentage of colleagues	Number of senior managers[6]	Percentage of senior managers[6]
Men	2,035	55%	26	58%
Women	1,647	45%	19	42%
Not specified/prefer not to say	–	–	–	–

Board and executive reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in executive management[7]	Percentage of executive management[7]
Men	7	78%	4	8	80%
Women	2	22%[8]	–	2	20%
Not specified/prefer not to say	–	–	–	–	–

Board and executive reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in executive management[7]	Percentage of executive management[7]
White British or other White (including minority-white groups)	7	78%	4	10	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	11%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	1	11%	–	–	–

4 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
5 Includes all colleagues, senior management, executive management and Board
6 While Provision 23 of the UK Corporate Governance Code defines 'senior management' as the layer below the Board and the Company Secretary and their direct reports, we think that it is more appropriate to disclose the gender balance of our Operating Board and Senior Leadership Team
7 Defined as the Operating Board members and Company Secretary in accordance with LR 9.8.6R(10)
8 Eva Eisenschimmel stepped down as a Director on 31 December 2023, reducing the proportion of female Directors on the Board from 30% to 22%

Risk management

Effectively managing our risks

Board assessment of risk management and internal control

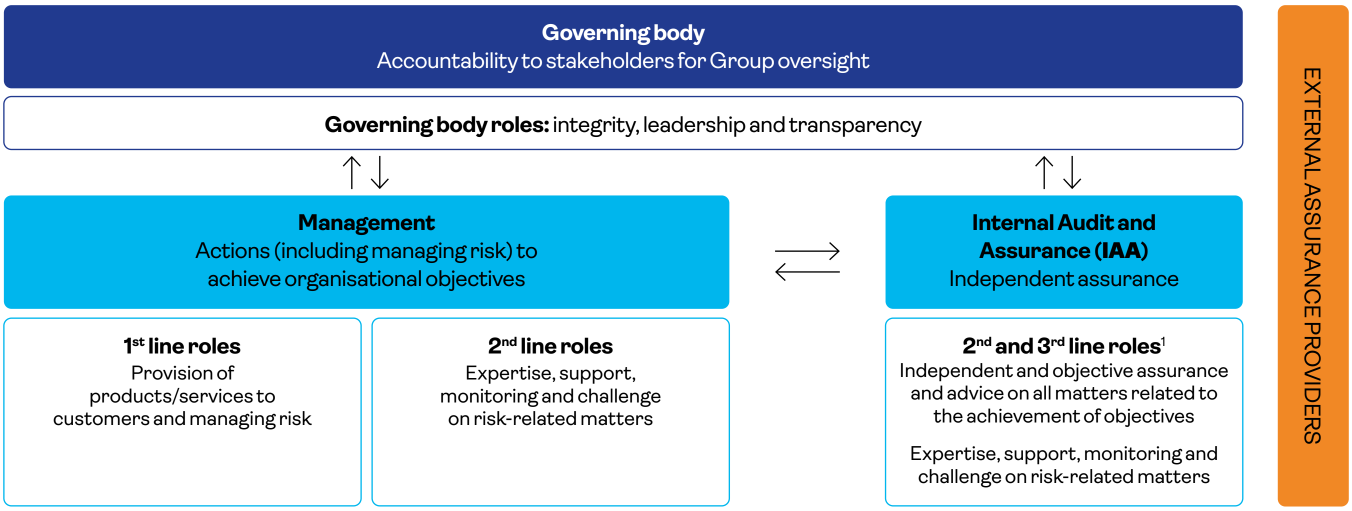
Our Board has ultimate responsibility for the Company's risk management, internal control and risk culture. It is also responsible for regularly reviewing the effectiveness of risk management and control systems, ensuring that there is an ongoing systematic process for identifying, evaluating and managing the emerging and principal risks faced by Saga.

This system accords with the Financial Reporting Council's guidance on risk management, internal control and related financial and business reporting, and was in place for the year under review and up to the date of approval of this Annual Report and Accounts.

Risk maturity is measured, and all business units are seeking to continuously improve their maturity over time, in line with the targets set. Risk objectives are set for all members of the Operating Board, with an end-of-year assessment against the achievement of these objectives.

Our governance framework

Effective risk management and control is achieved through application of the 'three lines of defence' model as follows:



Risk framework

Saga has developed its risk management framework to best suit the diversity of its business units, regulatory requirements and industry standards. This ensures the required levels of risk maturity are maintained in our financial services businesses, while enabling our Cruise and Travel businesses to put more focus on the risk framework elements which are appropriate for them.

Our risk management framework is made up of the following:

- Risk strategy and plan
- Risk governance
- Risk appetite
- Incident management
- Risk and control registers

Risk maturity against each element of the risk framework is assessed for each business unit and Group function, with plans in place to ensure continual improvement.

Risk strategy and plan

Our risk strategy and plan, which are aligned with our overarching strategy, are considered and approved annually.

Risk governance – The main consideration within risk governance is the Board management of risk and subsequent delegation to risk committees and other governance forums. This ensures that risk is managed effectively and that there is appropriate oversight through reporting and accountability defined within each committee's terms of reference and, where applicable, through the application of the Senior Managers and Certification Regime.

Additionally, the suite of Saga risk policies, including, but not limited to, conduct risk, incident management and internal control, define our risk management framework and high-level expectations of the 1^{st} and 2^{nd} line in respect of risk management activity.

Incident management – The 1^{st} line business areas are responsible for raising risk incidents identified in a timely manner, conducting appropriate root cause analysis to prevent recurrence, and resolving incidents promptly. The 2^{nd} line oversees this activity to ensure fair customer outcomes, and that the process is managed in line with policy.

Risk and control registers – Each business unit and Group function is responsible for identifying and managing its risks and associated key controls, which are captured on risk and control registers and scored using a risk matrix that rates risk against both likelihood and severity.

1 2^{nd} and 3^{rd} line roles for AICL, SSL and SPF are separated in line with professional and best practice standards

Key controls are subject to design and operational effectiveness testing by the business and validated through periodic 2nd line assurance reviews, with action taken where controls are found to be ineffective.

Our risk registers help to identify the top risks facing the various business units, which in turn, inform our principal risks and uncertainties.

Risk appetites – Saga has developed its risk appetite statements throughout the year to reflect the areas where it is seeking to take more risk versus areas where risk taking is restricted. The Board-approved appetite statements focus on the most key areas of risk for Saga, providing the Board with visibility and oversight of our exposure to these risks compared to appetite. In particular, the Board oversight ensures that we promptly, and appropriately, respond to any risks which are out of appetite, or which are moving towards becoming out of appetite. Our risk appetites are designed to support the achievement of our strategy, and to be used in key decision-making.

Risk maturity – Each business unit is assessed periodically against our risk maturity matrix across both the 1st and 2nd lines of defence, with actions agreed and tracked through to closure for any areas where there is a desire to increase risk maturity.

Process feedback

Outputs from the risk management cycle are fed back to our risk committees and boards by exception to ensure that the risk framework remains effective and supports our strategy, business model and decision-making processes.

Independent process assurance

Saga's IAA function is positioned centrally within the Group, operating independently of the business units. It is, therefore, able to provide independent assurance of the effectiveness of the risk management procedures.

The objective of IAA is to help protect the assets, reputation and sustainability of the organisation by providing independent, reliable, valued and timely assurance to the Board and Operating Board. To preserve the independence of the function, the IAA Director's primary reporting line is to the Chair of the Audit Committee, and the Internal Audit team is prohibited from performing operational duties for the business. For risk management responsibilities, the IAA Director also has an independent reporting line into the Chair of the Risk Committee.

All activities of the Company fall within the remit of the IAA team, and there are no restrictions on their work. IAA fulfils its role and responsibilities by delivering the annual risk-based audit plan. Each audit provides an opinion on the control environment and details of any issues found. IAA works with the business units to agree the remedial actions necessary to improve the control environment and these are tracked to completion. The relevant Head of IAA submits reports to, and/or attends, board and audit committee meetings for the business units, with the IAA Director reporting to the Audit and Risk Committees.

Statement of review

As a result of its consideration and contribution to risk management and internal control activities, the Board is satisfied that there is an appropriate framework for identifying, evaluating and managing the Group's risks and internal controls and, up to the date of the approval of this Annual Report and Accounts, it is regularly reviewed. The Board's statement of review of the effectiveness of Saga's risk management and internal control system is set out on page 53.

Our risk management framework and systems are designed to manage, rather than eliminate risk, and operate to facilitate the achievement of our business objectives within our stated risk appetites.

There has been regular reporting to the Audit and Risk Committees throughout the year on the status and evolution of Saga's risk framework.

Principal risks and uncertainties

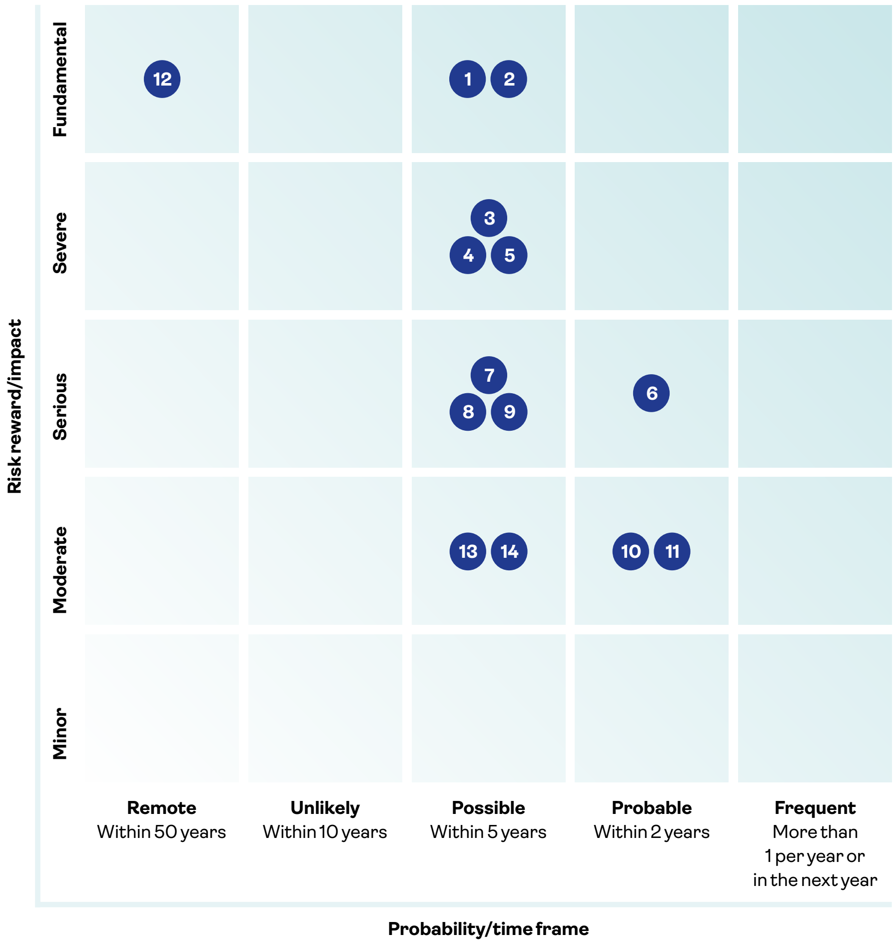
Mitigating each risk

The matrix shows the principal risks and uncertainties (**PRUs**) facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The table on the following pages also includes the mitigating actions being taken to manage these risks. The risk exposure outlook denotes the anticipated future direction of each risk after mitigation, which is influenced by known key external or internal factors. Saga takes a ‘bottom-up’ and ‘top-down’ approach to developing and reviewing its PRUs, which occurs at least twice a year with oversight from the Operating Board and the plc Board. Each PRU has been aligned to the most relevant strategic priorities. While each risk category is not represented in our PRUs, there are risks relating to these in our underlying risk registers.

“The Committee considered the rationale behind the selection of the Group’s PRUs. PRUs were reviewed at each meeting and refreshed regularly during the year, ensuring that new and emerging risks and opportunities were captured and remained at the forefront of the Group’s strategic planning.”

Julie Hopes
Chair, Risk Committee



Our risk categories

A Strategic
C Insurance
E Reputational
B Operational
D Liquidity

Our risks

1	Liquidity risk / debt refinancing	D
2	Cyber	B E
3	Breach of Data Protection Act (**DPA**)/General Data Protection Regulation (**GDPR**)	B E
4	Third-party suppliers	B
5	Regulatory action	B E
6	Delivery and execution	B
7	Insurance pricing modelling risk	B C
8	Organisational resilience	B
9	Environmental, Social and Governance (**ESG**)/climate change	A B E
10	Capability capacity	A B
11	Fraud and financial crime	B
12	Pandemic	B
13	Culture	B E
14	Saga brand and relevance	A E

1 Liquidity risk/debt refinancing

Description
The Group relies on a number of sources of funding and, as such, is exposed to the risks associated with repaying or refinancing this funding as it reaches maturity.

Mitigation
The Group increased, and extended, its currently undrawn unsecured facility with Roger De Haan and we expect to pay the £150.0m bond due in May 2024 through this, alongside Available Cash[1] resources.

In addition, we amended the leverage ratio covenant on the Group's undrawn Revolving Credit Facility to 6.25x, from January 2024 until maturity, to maintain additional liquidity.

Risk trend[2] Stable

Risk owner
Group Chief Financial Officer (**CFO**)

Link to strategy
2 B

Risk category
D

2 Cyber

Description
There is a risk that a cyber security breach occurs due to failures in keeping pace with external threat actor capabilities and regulatory expectations, resulting in system lockdown, ransom demands and/or compromise of substantial data. This could result in customer/colleague compensation and regulatory sanctions.

Mitigation
Ongoing vulnerability management programme in place, including industry benchmarking and external penetration testing, to help maintain security posture.

Continued investment in cyber prevention, detection and intelligence technologies to help mitigate attacks.

Awareness and testing programme in place to protect against social engineering attacks on colleagues.

Strategy in place to further reduce our footprint of potential system targets.

Risk trend[2] Improving

Risk owner
Chief Information Officer

Link to strategy
1 B

Risk category
B E

3 Breach of DPA/GDPR

Description
There is a risk that Saga fails to process and manage customer data in accordance with their expectations, UK GDPR and DPA 2018. This could result in potential customer harm, compensation cost and Information Commissioner's Office fine/regulatory censure.

Mitigation
Refreshed Data Management Committee, which maintains oversight of the management of our most key data risks, ensuring alignment across all business units.

Risk trend[2] Worsening

Risk owner
Chief Data and Strategy Officer (**CDSO**)

Link to strategy
1 3

Risk category
B E

4 Third-party suppliers

Description
There is a risk of business interruption, financial loss and reputational damage arising from loss of key third parties.

Mitigation
Our supplier risk management framework ensures an appropriate risk-based approach for selecting third-party partners and overseeing their performance and operational and financial resilience.

Risk trend[2] Worsening

Risk owner
Group and business unit (**BU**) CEOs

Link to strategy
1 3

Risk category
B

Key

1 Maximising our core businesses[3]

2 Reducing debt through capital-light growth[3]

3 Growing our customer base and deepening our customer relationships[3]

B Threat to business model

Improving

Worsening

Stable

1 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation
2 Risk trend represents the current trend and not necessarily the trend relative to the last published Annual Report and Accounts
3 Since the year end, the strategic pillars have evolved as we continually develop the business to support the changing needs of our customers. The strategic pillars that applied during the 2023/24 financial year were set out in the 2023 Annual Report and Accounts. These were maximising our existing businesses; step-changing our ability to scale while reducing debt; and creating 'The Superbrand' for older people

Principal risks and uncertainties
continued

5 Regulatory action

Description
Risk of customer harm because of our actions/in-action or failure to implement regulatory change correctly, which could result in customer remediation, or regulatory scrutiny, and/or sanction.

Mitigation
Continued development of the risk framework to ensure it evolves in line with regulatory standards. Horizon-scanning reports produced to identify upcoming regulatory changes and necessary action.

Risk trend[4] Stable

Risk owner
Group and BU CEOs

Link to strategy
1 B

Risk category
B E

6 Delivery and execution

Description
There is a risk that key business change initiatives fail to be delivered effectively, or at all, due to one or a combination of the following:

- resource capability or capacity;
- unexpected business as usual risk issues;
- new regulation; or
- material defects in the delivery.

Mitigation
Review and delivery of our revised operating model to ensure we are set up to achieve any operational changes planned.

Risk trend[4] Improving

Risk owner
Group and BU CEOs

Link to strategy
1 2

Risk category
B

7 Insurance pricing modelling risk

Description
There is a risk that uncertainty in the Insurance Broking and Underwriting businesses leads to material pricing, reserving and/or underwriting issues that cause significant financial impact and/or customer harm.

Mitigation
Product and pricing governance is in place and we regularly monitor pricing information against expectation.

Risk trend[4] Stable

Risk owner
CEO of Insurance

Link to strategy
1

Risk category
B C

8 Organisational resilience

Description
A risk of failure in one or more key resources supporting critical services or operations, and inability to recover within defined parameters in the context of a complex, dynamic risk environment and ongoing change and transformation.

Mitigation
Continued development of the organisational resilience strategy and plan. Response and recovery planning, and a resilience testing plan are in place, supported by an operational resilience self-assessment.

Risk trend[4] Stable

Risk owner
CFO and BU CEOs

Link to strategy
1 2 3 B

Risk category
B

9 ESG/climate change

Description
There is a risk that Saga does not maintain compliance with increasing ESG-related regulation, or fails to deliver on its stated ESG strategy in line with stakeholder expectations, causing reputational, customer and financial impacts.

Mitigation
ESG strategy and governance has been defined and implemented, with ESG embedded into the risk management framework.

Risk trend[4] Stable

Risk owner
Group CFO

Link to strategy
1 3 B

Risk category
A B E

Key

1 Maximising our core businesses[5]

2 Reducing debt through capital-light growth[5]

3 Growing our customer base and deepening our customer relationships[5]

B Threat to business model

Improving

Worsening

Stable

4 Risk trend represents the current trend and not necessarily the trend relative to the last published Annual Report and Accounts

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

10 Capability and capacity

Description
There is a risk that the capability and capacity of colleagues does not align to significant organisational change needed to deliver strategic objectives.

Mitigation
Focus on retention of key colleagues, alongside review and optimisation of our operating model, ensuring it supports the planned organisational changes.

Risk trend[6]

Risk owner
Group and BU Chief Executive Officers (**CEOs**)

Link to strategy
2

Risk category
A B

11 Fraud and financial crime

Description
There is a risk that we experience increased risk of internal or external fraud and financial crime, driven by remote working and general macroeconomic conditions.

Mitigation
Ongoing monitoring and management of claims fraud, with regular colleague training and awareness in place. Financial crime risk frameworks in place and tailored to each business unit.

Risk trend[6]

Risk owner
Group CFO and BU CEOs

Link to strategy
1

Risk category
B

12 Pandemic

Description
Risk to the Cruise and Travel businesses and financial resilience of Saga in the event of new and/or significant pandemic.

Mitigation
More in-depth analysis to be carried out to understand the businesses' resilience to a new pandemic based on the current diversification of the Group, with business response plans and any necessary actions identified carried out.

Risk trend[6]

Risk owner
CFO and BU CEOs

Link to strategy
1 2 3

Risk category
B

13 Culture

Description
There is a risk that Saga's culture does not transform in line with the purpose, values and strategy to deliver the financial results expected per the five-year plan.

Mitigation
Ongoing measurement and monitoring of culture using colleague surveys, ensuring we take on board, and act on, feedback to continually improve it.

Risk trend[6]

Risk owner
Group CEO and Chief People Officer

Link to strategy
1 3

Risk category
B E

14 Saga brand and relevance

Description
There is a risk that the Saga brand and products do not appeal sufficiently to our target market, such that competitors gain market share and customer volumes continue to decline.

Mitigation
Ongoing monitoring of customer transactional net promoter score, and engagement with customers via the Experienced Voices panel to understand customer sentiment towards the brand.

Risk trend[6]

Risk owner
CDSO and BU CEOs

Link to strategy
3 B

Risk category
A E

6 Risk trend represents the current trend and not necessarily the trend relative to the last published Annual Report and Accounts

Viability Statement

The Directors have considered the viability of the Group over the five years to January 2029. This period has been selected as the most appropriate as this timeframe:

- is consistent with the planning horizon over which the Directors normally consider the future performance, capital and solvency requirements of the business;
- includes the maturity of both unsecured bonds in 2024 and 2026 as well as the maturities, in 2025, of the currently undrawn £50.0m Revolving Credit Facility and the £85.0m loan facility with Roger De Haan; and
- includes fuller consideration of a range of other potential threats, including a rapidly shifting risk and pricing landscape in Insurance, and demand risk across our businesses.

Although the outlook for the Cruise and Travel businesses is healthy, the conditions in Insurance remain challenging. The Directors and Operating Board are focused on effectively balancing the protection and, ultimately, growth of insurance policy sales with the delivery of sustainable profitability. This reshaping will take place over time as the market challenges begin to wane, but the required changes are expected to impact profitability in the short term. Against this backdrop, the Directors and Operating Board have taken steps to strengthen the Group's financial position to help it mitigate this period of transition. Further information is included in the Chief Financial Officer's report on page 36.

In making this statement, the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe but plausible scenarios and the effect of any mitigating actions.

The Directors have considered each of the Group's principal risks and uncertainties detailed on pages 46-49 to determine which might threaten the Group's ongoing viability. Severe but plausible outcomes for each have been identified, with an estimate of the potential financial impact quantified. Assessments of the potential financial impact were derived from both internal calculations and examples of similar incidents in the public domain. These have been modelled individually, as a probability-weighted average of all possible scenarios, and as a combination of the top three risks identified.

The three largest sensitivities, in terms of financial impact, were identified as the following:

1. Delivery and execution risk, being the risk that key business change initiatives fail to be delivered effectively, or at all, due to one or a combination of the following: resource capability or capacity; unexpected business as usual risk issues; new regulation or material defects in the delivery.
2. An inability to refinance debt and financing facilities on maturity, resulting in financial uncertainty.
3. Relevance of the Saga brand, being the risk that the Saga brand and products do not appeal sufficiently to our target market such that competitors gain market share.

Under all scenarios modelled, the Directors have identified a need for additional mitigating action beyond the scope of normal trading to manage the solvency of the Group at key pressure points over the five-year period. These points include the maturity of the £85.0m loan facility with Roger De Haan in April 2026, and the maturity of the Group's £250.0m unsecured bond in July 2026. A range of options are currently being explored, including potential partnership arrangements for our Ocean Cruise and Insurance businesses which would release capital and enable the Group to restructure its debt; new liquidity facilities; and an evaluation of corporate refinancing.

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

Key disclosure statements

Non-financial and sustainability information statement

An overview of our approach to environmental, colleague, social, human rights, anti-corruption and anti-bribery matters, including where additional information can be found elsewhere in this report, or in our policies, can be found in the table below.

Details of our business model can be found on pages 14-15, and our principal risks and uncertainties are on pages 46-49. Our first standalone Environmental, Social and Governance (**ESG**) Report, alongside key policies and further reading, can be found on our corporate website (www.corporate.saga.co.uk/about-us/environmental-social-and-governance/).

Reporting requirement	Our approach, key policies and outcomes	More information
Environmental matters	Our ESG strategy defines our approach to environmental matters, including a focus on carbon emissions, oceans and biodiversity. Our ESG strategy is informed by a double materiality assessment and includes key performance indicators and targets to drive progress. We appointed an ESG Champion to our Board and established an ESG Steering Committee, tasked with supporting delivery of the ESG strategy. **Outcome** Completed environmental initiatives, including donating, re-using and recycling furniture, following the closure of our Enbrook Park site, saving the equivalent of 242 tonnes of CO_2 compared with conventional disposal. Successfully conducted a cruise ship biofuel trial, which confirmed compatibility of our ocean ships with lower emissions biofuels. ESG matters are considered an important part of all strategic discussions.	Environmental, Social and Governance on pages 37-43 2024 ESG Report
Climate-related financial disclosures	Our Taskforce on Climate-Related Financial Disclosures (**TCFD**) report provides details of our climate-related governance arrangements, risks and opportunities, and targets. Completed TCFD-aligned climate change scenario analysis and risk assessment. **Outcome** TCFD targets set and monitored closely, ensuring compliance with regulation.	Environmental, Social and Governance on pages 38-42
Colleagues	Our Diversity Equity and Inclusion Equal Opportunities Policy commits us to create a truly inclusive culture where all colleagues can bring their authentic selves to work. We remain a committed member of the UK Disability Confident Scheme and support the advancement of employment for disabled persons in the UK. Our Health and Safety Policy contains a clear set of principles and commitments which apply to all colleagues, contractors and members of the public. We are inclusive of age through our Grandparents' Leave and Menopause policies. **Outcome** Participation rate in our most recent colleague engagement survey was 93%. Made progress towards our aim of being 'Champions of Age' at work in the UK, with 85% of colleagues now trained on the experience of ageing. An inclusive culture which benefits from diversity of thought. Colleagues understand our purpose and feel comfortable to voice their opinions.	Environmental, Social and Governance on pages 37-43 2024 ESG Report Diversity, Equity and Inclusion Equal Opportunities Policy
Social matters	We seek to understand and carefully consider our impact within our communities. We ensure open dialogue with the community so they are aware of our strategy, as well as any impact to them. We promote colleague involvement in the community through our Public Duties Policy, Reservist Policy and through giving all colleagues paid time off to volunteer within the community. **Outcome** Over £91k charitable donations made during the year. 237 colleagues used their volunteer day, equivalent to 1,754 hours. Saga takes the needs of the communities in which it operates into account and enables colleagues to contribute.	Environmental, Social and Governance on pages 37-43 2024 ESG Report
Respect for human rights	We support the rights of all people as set out in the Universal Declaration of Human Rights. Our Labour Standards Policy sets out the human rights principles adopted across the Group, alongside our commitments to working responsibly and with integrity. Our Modern Slavery Statement provides detail on our approach to risk, due diligence, policies, training and audit in this area. Our Supplier Code of Conduct establishes the types of behaviour Saga expects from any entity that supplies products or services to the Saga Group. **Outcome** No incidents of human rights violations or modern slavery were identified in 2023/24. Our colleagues, suppliers and their employees are protected and our stakeholders are reassured by our high standards.	Labour Standards and Human Rights Policy Modern Slavery Statement Supplier Code of Conduct
Anti-bribery and anti-corruption	Our zero-tolerance approach to bribery and corruption is set out in our Anti-Bribery and Corruption Policy, laying out clear guidance for the assessment of risk of bribery and corruption across our business. All colleagues receive mandatory training on anti-bribery and anti-corruption. Our Supplier Code of Conduct establishes the types of behaviour Saga expects from any entity that supplies products or services to the Saga Group. **Outcome** There were no fines, penalties or settlements for corruption reported in 2023/24. Our stakeholders can be assured that we operate a zero tolerance approach.	Anti-Bribery and Corruption Policy Supplier Code of Conduct

Section 172(1) statement

Duty to promote the success of the Company

The Directors have had regard for the matters set out in Section 172(1)(a)–(f) of the Companies Act 2006 (**S172(1)**) when performing their duty under Section 172. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also having regard to the S172(1) matters referred to below.

A description of how the Board engages with its key stakeholders can be found on pages 16-17 and the principal decisions made by the Board during 2023/24, how stakeholders were considered and the likely consequences of these decisions over the longer term are set out on pages 58-60. Further information on how S172(1) has been applied by the Board can be found in the table below.

S172(1) matter	Further information incorporated into this statement by reference	
Likely consequences of any decision in the long term	Group Chief Executive Officer's Strategic Review Pages 5-9 Environmental, Social and Governance Pages 37-43 Principal risks and uncertainties Pages 46-49 Chairman's introduction to governance Pages 54-55 Board activities Pages 58-60	Nomination Committee Report Pages 64-66 Audit Committee Report Pages 67-70 Risk Committee Report Pages 71-73 Directors' Remuneration Report Pages 74-91
The interests of the Company's employees	Group Chief Executive Officer's Strategic Review Pages 5-9 Market review Pages 12-13 Engaging with stakeholders Pages 16-17 Environmental, Social and Governance Pages 37-43 Chairman's introduction to governance Pages 54-55	Board activities Pages 58-60 Division of responsibilities Page 62 Nomination Committee Report Pages 64-66 Audit Committee Report Pages 67-70 Directors' Remuneration Report Pages 74-91
The need to foster the Company's business relationships with suppliers, customers and others	Chairman's Statement Page 4 Group Chief Executive Officer's Strategic Review Pages 5-9 Purpose and business model Pages 14-15	Engaging with stakeholders Pages 16-17 Environmental, Social and Governance Pages 37-43 Board activities Pages 58-60
Impact of the Company's operations on the community and environment	Engaging with stakeholders Pages 16-17 Environmental, Social and Governance Pages 37-43	Board activities Pages 58-60
The Company's reputation for high standards of business conduct	Group Chief Executive Officer's Strategic Review Pages 5-9 Environmental, Social and Governance Pages 37-43 Risk management Pages 44-45	Board activities Pages 58-60 Risk Committee Report Pages 71-73
The need to act fairly as between members of the Company	Engaging with stakeholders Pages 16-17 Chairman's introduction to governance Pages 54-55	Board leadership and company purpose Page 61

This Strategic Report is presented to inform members of the Company and help them assess how the Directors have performed their duty under S172(1). It has been approved by the Board and signed on its behalf by

Mike Hazell
Group Chief Executive Officer
16 April 2023

Governance

Key statements

Compliance Statement The Board is committed to high standards of corporate governance and manages Saga's operations in accordance with the UK Corporate Governance Code 2018 (the **Code**). A full version of the Code can be found on the Financial Reporting Council's website (www.frc.org.uk). Saga publishes an annual UK Corporate Governance Code Statement, providing further detail on the application of the Code. This is available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

Viability Statement The Viability Statement can be found in the Strategic Report on page 50.

Going concern The going concern basis of preparation can be found in Note 2.1 of the financial statements on page 110.

Fair, balanced and understandable In accordance with the Code, the Board has established arrangements to evaluate whether the information presented in the Annual Report and Accounts is fair, balanced and understandable. Having taken advice from the Audit Committee, the Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Assessment of risk Through the risk management process detailed on pages 44-45, the Board can confirm that it has carried out a robust assessment of the emerging and principal risks facing the Company, including those which would threaten our business model, future performance, solvency or liquidity and reputation.

Statement of review The risk management process detailed on pages 44-45 was in place for the year under review and up to the date of approval of this report. The Board recognises the importance of appropriate systems of internal control and risk management. The Group operates a 'three lines of defence' risk management framework overseen and monitored by the Risk Committee (see pages 71-73) and Audit Committee (see pages 67-70). Work conducted by 2nd and 3rd lines, while identifying some areas for improvement, provided reasonable assurance that the systems of risk management and internal control were broadly effective.

Section 172(1) The Section 172(1) statement can be found in the Strategic Report on page 52.

Application of the UK Corporate Governance Code

The Company seeks to comply with the Principles set out in the Code, promoting good corporate governance to support the long-term sustainable success of the Group.

	Page
Board leadership and Company purpose	
A. Board effectiveness	**63**
B. Purpose, values, strategy and culture	**1-17, 37-43 and 61**
C. Board decision-making	**54-55 and 58-60**
D. Engagement with stakeholders	**16-17, 52 and 58-60**
E. Oversight of workplace policies and practices	**38, 51, 61-62, 66 and 69**
Division of responsibilities	
F. Role of the Chair	**61 and 63**
G. Independence and division of responsibilities	**61-62**
H. External commitments and conflicts of interest	**56-57**
I. Board resources	**58 and 62-63**
Composition, succession and evaluation	
J. Appointments to the Board and succession planning	**54-55 and 64-66**
K. Board composition and length of tenure	**56-57 and 63**
L. Board and individual evaluation	**63 and 66**
Audit, risk and internal control	
M. Financial reporting External audit and internal audit – independence and effectiveness	**67-70**
N. Fair, balanced and understandable assessment	**53 and 69**
O. Risk management and internal controls	**39-42, 44-49, 53 and 71-73**
Remuneration	
P. Remuneration philosophy	**74-91**
Q. Directors' Remuneration Policy	**88-89**
R. Annual Report on Remuneration	**77-91**

The Board believes that, during the reporting period, the Company was in full compliance with all applicable Principles and Provisions of the Code, save that:

- **Provision 3:** While the Non-Executive Chairman did meet with some shareholders during the year on request, as he is a significant shareholder, it was determined that it would be more appropriate for the Group CEO and Group CFO to regularly engage with major shareholders.
- **Provision 9:** Due to his shareholding in the Company, the Non-Executive Chairman was not considered independent on appointment. Taking into account Roger De Haan's history with the Saga brand and business, his proposed time commitment, the terms of the Relationship Agreement between him and the Company and his letter of appointment, the appointment was deemed to be in the best interests of the Company.
- **Provision 23:** While the Code defines 'senior management' as the layer below the Board and the Company Secretary and their direct reports, we think that it is more appropriate to disclose the gender balance of the Operating Board and Senior Leadership Team.
- **Provision 34:** Roger De Haan has waived his fee since becoming Non-Executive Chairman in 2020.
- **Provision 38:** Pension contributions/payments in lieu for Executive Directors are aligned with those of the majority of colleagues (6% of salary). However, colleagues can opt to increase their contribution to a maximum of 10%, which the Company will match. This does not apply to Executive Directors.

Chairman's introduction to governance

Governance to support the significant opportunity for growth

"The Board spent a significant amount of time discussing how we can grow the number of customers we serve and deepen our relationship with them."

Sir Roger De Haan
Non-Executive Chairman

Dear shareholder,

During our 2023/24 financial year, we made key decisions to ensure that we focused on maximising our core businesses while reducing debt. It is clear that there is a significant opportunity to drive long-term sustainable growth for all our stakeholders by doing so.

The Board spent a significant amount of time discussing how we can grow the number of customers we serve and deepen our relationship with them.

Changes to Board and Committee structure/composition

This year saw a change in our Group Chief Financial Officer (**CFO**) and Group Chief Executive Officer (**CEO**) as a result of James Quin, and later in the year, Euan Sutherland, advising the Board of their intention to step down.

The Nomination Committee were mindful of the leadership needs of the organisation, ensuring the continued ability of the Company to compete effectively in the marketplace.

The Board approved their recommendation that Mike Hazell should be appointed as Group CFO and agreed that his multi-sector experience in a variety of senior finance roles would support delivery of the Group strategy to maximise the performance of core businesses and reduce debt.

The subsequent search for a Group CEO was focused on finding an individual who would further develop the vision and implement the strategy for future growth. The Board agreed that Mike's experience and performance to date in his role as Group CFO demonstrated that he had the skills needed to take Saga into the next phase of its development. He was appointed as Group CEO on 28 November 2023.

At the same time, we appointed Mark Watkins as our Group CFO. The Board agreed with the Nomination Committee's view that Mark's previous experience of working at Saga and his financial, strategic and investor relations experience would complement Mike's fresh perspective.

Eva Eisenschimmel took the decision to step down from the Board to focus on her increasingly busy executive role with effect from 31 December 2023. Julie Hopes assumed the position of our Remuneration Committee Chair.

My re-appointment as Non-Executive Chairman was also approved following the expiry of my initial three-year term in post.

I would like to thank James, Euan and Eva for their contributions over the years.

Following the changes to the Board, the Nomination Committee reviewed membership of the other Board committees. The Board agreed with the Committee's proposal that Anand Aithal, Gemma Godfrey and Gareth Hoskin should become members of the Nomination Committee.

Find out more in our Nomination Committee Report on pages 64-66

Board focus and decisions

Over the year, the Board's focus was on how Saga's strategy could ensure our customers continue to receive an exceptional experience and, at the same time, take into account our other stakeholders' needs and create value for our shareholders and investors.

It is so important that we understand the needs of our customers and deepen our relationship with them. A considerable amount of time at Board meetings was spent discussing how we could improve the quality of our interactions with customers through our brand and data insight strategy. Saga Publishing continues to provide ways of delivering insightful and relevant content to our unique customer demographic which is key to our success.

We made the decision to focus on our core businesses, to exit some of our smaller, loss-making activities and reduce our central operating costs. We decided to explore opportunities to grow our Ocean Cruise business, which is close to reaching optimum capacity, by considering potential partnership arrangements.

Significant time was spent over the year discussing how we could stabilise our Insurance business in a challenging environment, by balancing the need to protect and grow policy volumes with the need to deliver a sustainable return.

While terms of a sale for the Insurance Underwriting operations were established, the Board concluded that greater value could be generated once conditions within the insurance market improved, and the sale was paused.

Saga Money considerably broadened its range of services by launching a number of new products, all through partnerships, and our River Cruise and Travel businesses continued to focus on growth by increasing the number of customers travelling with us.

The Board also spent time considering how to reduce debt and increase liquidity ahead of the maturity of our £150.0m bond in May 2024 and how to retain financial flexibility post the maturity of that bond. It considered various options the Group had to address the 2026 bond maturity. These were carefully reviewed and a plan was agreed which included a combination of sensible trading decisions and seeking capital-light partnership opportunities that would both support growth and considerably reduce our debt. I also increased the value of my loan facility to £85.0m and extended its maturity to December 2025. Subsequent to the financial year end, a further extension to the maturity date of the facility was agreed, to 30 April 2026.

Find out more in Board activities on pages 58-60

Risk management

Our financial reporting processes, internal controls and overall risk strategy continued to be overseen by our Audit and Risk Committees, with matters escalated to the Board for further discussion as appropriate.

Areas of focus for the Risk Committee included how the redesign of the risk framework during the previous year had been implemented and embedded to support the fulfilment of fiduciary duties, promote good governance and ensure business objectives were delivered, while enhancing risk maturity within the business.

The Audit Committee retained focus on maintaining the financial flexibility of the Group by improving liquidity and reducing our level of debt.

Find out more in:

Audit Committee Report on pages 67-70

Risk Committee Report on pages 71-73

People and remuneration

Eva Eisenschimmel, our previous Remuneration Committee Chair, attended People Committee meetings periodically throughout the year. Julie Hopes has assumed the role of People Champion and will continue to represent colleagues at Board meetings.

The Board continued to monitor the Company culture, and the Group's values, and were pleased that the Remuneration Committee had focused on ensuring that the wider workforce was fairly represented at the Board.

Find out more in:

How the Board monitors culture on page 58

Directors' Remuneration Report on pages 74-76

Environmental, Social and Governance (ESG)

Our new ESG strategy was launched in 2023, with focus on championing positive ageing, acting on climate change and biodiversity, and strengthening our Company culture. Key performance indicators and targets, against which the Company tracks its progress, were approved by the Board and published on our corporate website (www.corporate.saga.co.uk/about-us/environmental-social-and-governance/).

Find out more in Environmental, Social and Governance on pages 37-43

Board and Committee evaluation

During the year, Peter Bazalgette, our Senior Independent Director, led an evaluation of the Board and its Committees, with support from our Group Company Secretary. It concluded that the Board had demonstrated resilience in challenging circumstances, was focused on the right priorities and had the right skills and experience to steer the organisation through the challenges and opportunities ahead. Going forward, the Board culture and composition will need to support a growth orientated mindset focused on our customers and the Saga brand to underpin the long-term success of the Group.

Find out more about Board composition, succession and evaluation on page 63

Shareholder engagement and our 2024 Annual General Meeting (AGM)

Our 2023 AGM was our first in London and I was delighted to be able to meet some of our shareholders in person.

This year, our AGM will be held on 25 June 2024, at the offices of Numis Securities Limited, 45 Gresham Street, London EC2V 7BF. Full details will be set out in the Notice of AGM in due course. I am looking forward to seeing shareholders there.

Sir Roger De Haan
Non-Executive Chairman
16 April 2024

Board of Directors

Diversity, balance and experience

Roger De Haan
IE N

Non-Executive Chairman

Appointed 5 October 2020

Key strengths and experience

- Experienced business leader and board director with extensive experience in travel and financial services industries.
- Significant history with Saga having worked in the business for 40 years, including over 20 years as Chairman and Chief Executive.
- Instrumental in transforming Saga, from a specialist tour operator to one that offered its own cruises, and expanding the business to cover publishing, insurance and financial services, creating the Saga brand.
- Knighted in the 2014 New Year Honours List for services to education and to charity in Kent and overseas.

Other roles

Director of Folkestone Harbour companies, and the two charities: Creative Folkestone and Friends of Folkestone Academy; and Trustee of the Roger De Haan Charitable Trust.

Mike Hazell
OB

Group Chief Executive Officer

Appointed 9 October 2023 (as Group Chief Financial Officer). Group Chief Executive Officer from 28 November 2023

Key strengths and experience

- Over 25 years of multi-sector experience in a variety of executive roles.
- Substantial experience of strategy development and implementation at pace.
- Deep understanding of corporate turnarounds and financing.
- Significant experience working within diversified groups.
- Previous senior roles include: Interim Chief Financial Officer at The Co-op Group; Group Chief Financial Officer and, ultimately, Chief Executive Officer of Debenhams; and various management roles at BSkyB, Fonterra and Pfizer.

Mark Watkins
OB

Group Chief Financial Officer

Appointed 28 November 2023

Key strengths and experience

- Fellow of the Institute of Chartered Accountants in England and Wales.
- Extensive knowledge of Saga with over seven years of experience within the business, including time as Chief Corporate Development Officer, Finance Director, and Director of Investor Relations and Corporate Finance.
- Experience in delivering corporate strategy, investor communications and internal/external analysis and reporting.
- Considerable strategic, investor and operational finance experience across multiple sectors.
- Previous senior roles include: Chief Financial Officer Europe and Central Asia at Intertek; Finance Director of the Processing, Recovery and Disposal Division at Secure Energy Services; and Group Financial Controller at Bovis Homes.

Steve Kingshott
OB

Chief Executive Officer of Saga Insurance

Appointed 3 January 2023

Key strengths and experience

- Highly experienced insurance executive with over 30 years of experience in the UK insurance market.
- Previous senior roles include: Chief Executive Officer of Tesco Bank's Insurance business; and Chief Insurance Officer for Tesco Bank.

Peter Bazalgette
IE N R

Senior Independent Director

Appointed 1 September 2022

Key strengths and experience

- Wealth of experience from the media and wider creative industries.
- Multi-industry knowledge in broadcasting, television, advertising, digital media and venture capital.
- Previous roles include: Chairman of ITV plc; Chairman of Endemol UK; Chair of the Arts Council for England; Non-Executive Director of YouGov; and Non-Executive Director of Channel Four.

Other roles

Chair of LoveCrafts Group Limited (appointed April 2018).

Anand Aithal
A IE N

Independent Non-Executive Director

Appointed 1 September 2022

Key strengths and experience

- Extensive non-executive experience in fintech, insurance broking, asset management and accountancy.
- Entrepreneurial perspective, having co-founded his own data analytics business.
- Previous roles include: Managing Director at Goldman Sachs.

Other roles

Lead Non-Executive Board Member of Cabinet Office (appointed February 2019); Non-Executive Appointee to Council Board of Association of Certified Chartered Accountants (appointed December 2019); and Non-Executive Director and member of Audit and Risk committee of Polar Capital Holdings plc (appointed January 2022).

Gemma Godfrey IE R RI N

Independent Non-Executive Director, Environmental, Social and Governance Champion, and Chair of Saga Personal Finance Limited

Appointed 1 September 2022

Key strengths and experience

- Founder of two successful digital businesses.
- Specialist in digital transformation, innovation and de-risking the delivery of new services.
- Previous roles include: Boardroom adviser on the Apprentice USA.

Other roles

Non-Executive Director and Remuneration Committee Chair of Eight Capital Partners plc (appointed January 2023), Kingswood Holdings Limited (appointed October 2022), Oberon Investments Group plc (appointed September 2021) and Non-Executive Director (appointed December 2020) and Nomination Committee Chair (from September 2022) of Vivopower International plc; and business and money expert on ITV and Sky News.

Julie Hopes A R RI

Independent Non-Executive Director, People Champion, and Chair of Saga Services Limited

Appointed 1 October 2018

Key strengths and experience

- Associate with the Chartered Institute of Bankers.
- Wealth of insurance experience coupled with over 30 years in a variety of roles, specialising in general insurance and predominantly in personal lines.
- Highly customer-focused, with a breadth of functional, membership and affinity experience and a track record of driving growth.
- Previous roles include: Chair of Police Mutual and its Remuneration Committee; Non-Executive Director and Chair of the Risk Committee of Co-operative Insurance; a variety of roles at RSA and Tesco Bank; and Chief Executive Officer of The Conservation Volunteers, a UK community volunteering charity.

Other roles

Deputy Chair, Senior Independent Director (appointed April 2016) and Remuneration Committee Chair (from September 2018) of West Bromwich Building Society; and Non-Executive Director (appointed August 2021) and Risk Committee Chair (from December 2021) of MS Amlin Underwriting Limited.

Gareth Hoskin A IE RI N

Independent Non-Executive Director, Speak Up Champion, and Chair of Acromas Insurance Company Limited

Appointed 11 March 2019

Key strengths and experience

- Over 20 years of experience in insurance, in a variety of roles.
- Chartered Accountant with recent and relevant financial experience and competence in accounting (Institute of Chartered Accountants in England and Wales).
- Previous roles include: main Board Director and Chief Executive Officer International, and finance, retail marketing and HR roles in Legal & General; accountant at PwC; and Trustee, Non-Executive Director and Chair of the Audit and Risk Committee at Diabetes UK.

Other roles

Audit Chair, member of the Risk, Nomination and Remuneration Committees (appointed November 2015), Vice Chair and Senior Independent Director at Leeds Building Society (appointed January 2019).

Board experience	Number of Directors
Insurance	4
Travel	1
Personal finance	3
Board experience and corporate governance	9
Strategy and innovation	9
Consumer-facing businesses	5
Brand management	3
Stakeholder management and culture	9
Finance and audit	4
Digital and media	3
Risk management	3

Board composition	Number of Directors
Non-Executive Directors	5
Executive Directors	3
Non-Executive Chairman	1

Board tenure	Number of Directors
Under 1 year	2
1 to 3 years	4
Over 3 years	3

Board age	Number of Directors
Under 50	2
50–59	4
60–69	2
70 and over	1

Key

- ● Committee Chair
- A Audit Committee
- OB Operating Board
- IE Innovation and Enterprise Committee
- N Nomination Committee
- R Remuneration Committee
- RI Risk Committee

Board activities

Focused on long-term growth

The Board considered progress against long-term strategy at each Board meeting, with a focus on how to drive long-term sustainable growth for all our stakeholders. Board meeting agendas are carefully structured and include an update by the Chair of each committee, including any matters for escalation.

During the year, the Board held five scheduled meetings and nine ad hoc meetings. The additional meetings were necessary due to the need to regularly discuss the strategic growth and direction of the Group.

The Board recognises the importance of considering the needs of, and impact on, all stakeholder groups. As always, there was a need to ensure that the consequences of decisions would promote the long-term success of the Company, as well as maintain Saga's reputation for high standards of business conduct.

This section contains some examples of principal decisions that were taken during the year and how stakeholder views were taken into account, and impacted, the outcomes of those decisions.

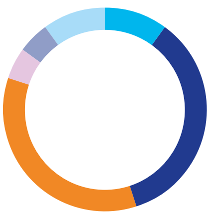
Find out more about stakeholder engagement on pages 16-17

How the Board monitors culture

The Board regularly reviews a range of information to actively monitor culture. The table below shows the key sources of data the Board tracks, with a view to take action where adjustments or remedial action are needed. During the year, the Board was satisfied that the culture was aligned with the company's purpose, values and strategy.

	Cultural priorities			
Cultural identifier	**Promoting integrity and openness**	**Valuing DE&I**	**Being responsive to the views of stakeholders**	**Culture aligned to purpose, values and strategy**
Colleague surveys	✓	✓	✓	✓
People Champion Non-Executive Director attendance at People Committee	✓	✓	✓	✓
Speak Up reports	✓	✓	✓	✓
Progress on diversity, equity and inclusion (**DE&I**)	✓	✓	✓	✓
Environmental targets	✓	✓	✓	✓
Health and safety performance	✓		✓	✓
Internal audit reports and findings	✓		✓	✓

Board allocation of time during the year



People and culture	c.10%
Maximising our core businesses[1]	c.35%
Reducing debt through capital-light growth[1]	c.35%
Growing our customer base and deepening our customer relationships[1]	c.5%
Oversight of risk management	c.5%
Environmental, Social and Governance (**ESG**)	c.10%

"Over the year, the Board's focus was on how Saga's strategy could ensure our customers continue to receive an exceptional experience and, at the same time, take into account our other stakeholders' needs and create value for our shareholders and investors."

Roger De Haan
Non-Executive Chairman

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

Key Board decision	Focus on core businesses and exit some of our smaller, loss-making activities, alongside reduction of central costs including: • exploring opportunities to optimise the Cruise business by considering potential partnership arrangements; • stabilising the Insurance business in a challenging environment; and • launching additional Saga Money products through partnerships.
Connection to strategic pillars	1 2 3
How the Board reached its decision and considered matters set out in Section 172(1) (S172(1)) of the Companies Act 2006 (the Act)	Considered how to drive long-term sustainable growth while continuing to reduce the level of debt. Chief Executive Officers (**CEOs**) of each business unit attended several Board meetings to discuss current trading, strategy, opportunities and risks, with business unit update reports reviewed at every meeting. Significant discussion on how to optimise the Ocean Cruise business, which was close to reaching optimum capacity, while still providing exceptional experiences to our customers. Discussed and considered actions to balance the Insurance business effectively between protecting and growing policy volumes and delivering sustainable returns in a challenging market and how to mitigate the impact of the market-wide inflationary headwinds. Discussed the value of new product propositions in Saga Money and expansion into other territories for Travel, developed and recommended based on customer insight and feedback.
Stakeholder management	The Board discussed how to continue to deliver exceptional experiences to its **customers** while also creating value for its **shareholders**. The impact to **colleagues** and **customers** was considered when discussing options, particularly when the decision was made to exit some of our smaller, loss-making activities so that the growth of core businesses could be prioritised. **Supplier** relationships were key to delivery of the strategy, so the impact to them was considered, alongside opportunities to develop **partnerships** to strengthen the products and services Saga offers.
Challenges faced	Geopolitical factors requiring amendments to travel itineraries or destinations. Impact of the current level of debt on the Company's ability to scale Ocean Cruise to reach more customers, in a capital-light way. Financial, regulatory and physical impacts associated with climate change, for example, increasingly severe rain, drought, heat and storm events causing supply chain disruption, leading to reduced customer experience and increased business costs and incidents of severe weather affecting Cruise and Travel itineraries and availability of supplies. Potential for cost of living increases to reduce levels of discretionary spending from our customer group and affect attitudes towards premium products, increasing the number of customers who shop around for their insurance. Inflationary increases on the cost of settling insurance claims causing pressure on earnings. Risk of interest rate fluctuations causing market uncertainty and lower demand for our products. Implementation of, and management of customer impacts arising from, regulatory changes.
Outcome and impact of the decision	Refocused on Saga's core businesses of Cruise, Travel, Insurance and Money, underpinned by Saga's data and brand strategy, having exited some of our smaller, loss-making activities, being Saga Exceptional, Insight and Spaces. Actions underway to balance the protection and, ultimately, growth of policy sales with the delivery of sustainable profitability, noting that the reshaping will take place over time as the market challenges begin to wane. Exploring opportunities to optimise Saga's operational and strategic position in Cruise, including a potential partnership arrangement for Ocean Cruise which would be consistent with Group strategy to move to a capital-light business model to support further growth, crystallise value, reduce debt and enhance long-term returns for shareholders. Launch of new Saga Money products designed to support Saga customers with a broader range of their financial needs.

Key Board decision	Management of debt – loan facility with Roger De Haan, Revolving Credit Facility (**RCF**) amendment, property strategy and bond arrangements.
Connection to strategic pillars	1 2
How the Board reached its decision and considered matters set out in S172(1) of the Act	Significant discussion regarding how to reduce debt and increase liquidity ahead of the maturity of our £150.0m bond in May 2024 and retain financial flexibility post the maturity of the bond. Discussed and monitored the testing required and any modification to the RCF to ensure the Group had sufficient headroom and adequately monitored other key financial arrangements. Considered the sale of the Insurance Underwriting operations in line with the Group's ambition to have a more capital-light model and discussed the proposed terms of sale put forward and the value they provided. Decision made to exit some of our smaller, loss-making activities, being Saga Exceptional, Insight and Spaces, refocusing on our core businesses of Cruise, Travel, Insurance and Money, underpinned by the Group's data and brand strategy. Continuously reviewed the property strategy in light of the current market. Agreed actions to reduce the central cost base and move towards a leaner centralised operating model. As part of budget and five-year plan approval process, management of debt was considered and discussed at every Board meeting. The Audit Committee and Board members considered and discussed in detail the going concern and viability statements.

Key to our strategic pillars[2]

1 Maximising our core businesses

2 Reducing debt through capital-light growth

3 Growing our customer base and deepening our customer relationships

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

Board activities
continued

Stakeholder management	The impact on all stakeholders was considered including **colleagues**, **customers**, **communities**, **partners** and **suppliers**, **shareholders** and **investors**. **Saga Pension Scheme Trustees** were consulted and kept informed. **Colleagues** were impacted by the reduction in cost base, as well as the decision to exit some of our smaller, loss-making activities, and their needs were considered at each step. **Regulators** were kept informed of the changes to the cost base and were updated on how Saga would still continue to deliver good outcomes and exceptional experiences for **customers**.
Challenges faced	Balancing the level of investment required to scale operations with maximising cash generation and accelerating debt reduction.
Outcome and impact of the decision	Going concern and viability statements made. While terms of sale for the Insurance Underwriting operations were established, the Board concluded that greater value could be generated once conditions within the insurance market improved, and the sale was paused. An extension of £35.0m to the loan facility with Roger De Haan was agreed, taking the total to £85.0m and the maturity was extended to 31 December 2025, providing additional financial flexibility ahead of the 2024 bond maturity. Subsequent to the financial year end, a further extension to the maturity date of the facility was agreed, to 30 April 2026. Agreement to a series of amendments to the Group's RCF, providing further financial flexibility. Reduced operating expenses as a result of exiting some of our smaller, loss-making activities and reducing the central cost base. Made capital repayments of £62.2m on Saga's two Ocean Cruise ship facilities.

Key Board decision	Brand and data – increasing the frequency and quality of interaction with customers through data-driven insight.
Connection to strategic pillars	1 3
How the Board reached its decision and considered matters set out in S172(1) of the Act	Considered how to utilise Saga Spaces, Saga Exceptional and digital newsletters to engage with customers. The Chief Data Officer, CEO of Insight and Brand Development and CEO of Saga Exceptional attended Board meetings to present their strategies and share customer feedback. Considered the plan to deliver the brand and data strategy, focused on making improvements across the customer lifecycle by engaging customers regularly, building a deeper insight into their needs and preferences and delivering more tailored products and services, allowing Saga to continue to provide exceptional experiences. Discussed how the valuable customer engagement and insight gained through Saga Spaces, Saga Exceptional and digital newsletters could be retained and maintained following the decision to exit some of our smaller, loss-making activities. Following approval of the ESG strategy, discussed the key performance indicators and targets that should be implemented to assess progress, including championing positive ageing. Focused on cyber risk and considered how Saga protects customer data, through its risk appetite and the controls in place, as escalated by the Risk Committee, that deemed cyber risk to be a matter of significant importance.
Stakeholder management	The Board discussed how to further enhance its ability to provide exceptional experiences to its **customers** through receipt of data-driven insight and the monitoring of transactional net promoter scores. The impact of data and cyber risks were considered by the Board and the Risk Committee in the context of **customers**, **partners**, **suppliers** and **regulators**.
Challenges faced	The impact of regulatory changes on the number of customers the Group is able to communicate with. The pace of change in relation to the wants and needs of its customers. Converting exceptional levels of consideration for the Saga brand into customers who believe that Saga is for them.
Outcome and impact of the decision	Saga's digital newsletter distributed to more than 1.2m readers a week and the Saga Magazine distributed to 120k subscribers per month. Upon the decision to exit some of our smaller, loss-making activities, Saga retained customer focus groups, the Experienced Voices panel and the digital newsletter, which was possible through a coordinated restructure of the brand and data teams, with the Chief Data Officer assuming responsibility for brand. The global consent programme went live for all new customers, with the completion of reconsent of existing customers and the successful trial of a new customer cross-sell journey. The lifetime value model was built and became operational, making it easier for individuals to sign up for email updates on our products and services through Saga's website. The ESG strategy was developed further, with focus on championing positive ageing, acting on climate change and biodiversity and strengthening Company culture. Key performance indicators and targets against which the Company tracks its progress were approved and published on our corporate website (www.corporate.saga.co.uk/about-us/environmental-social-and-governance/).

Key to our strategic pillars[3]

1 Maximising our core businesses

2 Reducing debt through capital-light growth

3 Growing our customer base and deepening our customer relationships

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

Board leadership and Company purpose

Our Board

A document summarising the matters which are reserved for the Board was last considered on 1 February 2024. These include the following:

Strategy and management

- Setting the Group's purpose, values, strategy and standards ensuring these, and our culture, are aligned.
- Approving objectives, budgets, forecasts and strategic direction, as well as their successful implementation.
- Overseeing our operations, including regulatory, financial and operational policies.
- Any decision which may have a material impact on the Group. For example, new business activity, significant expansion or diversification/cessation of existing businesses.

Structure and capital

- Approving changes relating to our capital, corporate, management or control structures and borrowings; and guarantees, other than in the normal course of business.

Financial items, risk management and internal controls

- Approving the interim and preliminary results and annual report and accounts, alongside material capital or operating expenditure outside pre-determined tolerances or beyond agreed delegated authorities.
- Ensuring maintenance of a sound system of internal controls, including risk appetite and policies.

Contracts and business transactions

- Approving capital projects which are material strategically, are not in the usual course of business or are outside of financial limits in place.
- Conducting post-investment reviews which were not considered in detail by the Audit or Risk Committees or where the Board decides a full review is required.
- Joint ventures, material arrangements with customers or suppliers and major investments.

Communication and engagement with stakeholders

- Considering the balance of interests between stakeholders including shareholders, customers, colleagues and the communities in which we operate.
- Ensuring that independent channels are available for colleagues to engage and raise any matters of concern.

See pages 16-17 for details of the Board's role in stakeholder engagement, which supports Directors' duties under Section 172(1) of the Companies Act 2006.

Shareholder engagement

The Board seeks feedback from our shareholders on the Company's performance against strategy and actively monitors their views. Full details of how we engage with our shareholders can be found in the Strategic Report on page 17. In addition, an Investor Relations report is tabled at each Board meeting.

We recognise that we have a significant number of retail shareholders, a number of which are also our customers. We engage with this group through arranging presentations via the Investor Meet Company platform, which provides an opportunity for our Group Chief Executive Officer (**CEO**) and Group Chief Financial Officer (**CFO**) to answer any questions they may have. Shareholders also had the opportunity to meet the Directors at the 2023 Annual General Meeting (**AGM**) held at the offices of Numis Securities Limited.

AGM

The AGM will be held on 25 June 2024 at 11.00am at the offices of Numis Securities Limited, 45 Gresham Street, London EC2V 7BF. Full details, and an explanation of business to be considered at the meeting, will be provided in the Notice of AGM. A copy will be available on Saga's corporate website in due course (www.corporate.saga.co.uk).

Board roles

The Board comprises nine Directors with a broad set of complementary skills, industry expertise and each bringing a different perspective.

On 1 February 2024, the Board reviewed and approved a document detailing the division of responsibilities and roles of the Chairman, Group CEO, Senior Independent Director, all Committee Chairs and the Non-Executive Directors nominated ESG Champion, Speak Up Champion and People Champion. This is available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

Member	Role	Max. possible meetings	Attendance
Roger De Haan	Non-Executive Chairman (leadership, Board governance, sets the agenda and facilitates open Board discussions, performance and shareholder engagement)	14	14
Mike Hazell[1]	Group CEO (Group performance and develops strategy for Board approval)	3	3
Euan Sutherland[2]	Former Group CEO	11	10
Mark Watkins[3]	Group CFO (Group financial performance, including creation of the budget and five-year plans for recommendation to the Board)	2	2
James Quin[4]	Former Group CFO	10	10
Steve Kingshott	CEO of Insurance (Insurance strategy, optimising sales, delivering excellent customer service and broadening the range of new products)	14	14

Independent Non-Executive Directors	Role	Max. possible meetings	Attendance
Peter Bazalgette (Senior Independent Director)	Participate in, assess, challenge and monitor Executive Directors' delivery of the strategy (within risk and governance structures); financial controls and integrity of financial statements; and Board diversity. Evaluate and appraise the performance of the Non-Executive Chairman, Executive Directors and senior management.	14	14
Anand Aithal		14	14
Gemma Godfrey (ESG Champion)		14	14
Julie Hopes (People Champion)		14	14
Gareth Hoskin (Speak Up Champion)		14	14
Eva Eisenschimmel[5]		14	11

1 Appointed as Group Chief Financial Officer on 9 October 2023 and as Group Chief Executive Officer on 28 November 2023
2 Resigned as a Director on 28 November 2023
3 Appointed as a Director on 28 November 2023
4 Resigned as a Director on 9 October 2023
5 Resigned as a Director on 31 December 2023

Division of responsibilities

Our governance framework

The governance framework was reviewed to ensure it continued to allow business units to operate autonomously within a Group framework. The Executive Leadership Team Committee was rebranded as Saga's Operating Board, to support the Group CEO in executing Group strategy, and new delegated authorities were put in place. The Data Management Committee continues to consider and support our data strategy. The Chair of the Remuneration Committee is the nominated People Champion and attends colleague forums and the People Committee. The Audit Committee Chair serves as the Speak Up Champion. During the year, a Non-Executive Director was appointed as the ESG Champion and regularly meets with the Head of ESG, who attends Operating and plc Board meetings to discuss ESG strategy and targets. The ESG Steering Committee meets regularly and reports to the Operating Board. For more information on the governance put in place to monitor ESG strategy, see page 38.

Board

- Approve strategic direction and ensure its successful implementation.
- Leadership and management of the Group, including setting the Group's values and standards and aligning these with culture.
- Encourage innovation and consider the views, interests and needs of key stakeholders, including colleagues, customers and shareholders.
- Ensure that independent channels are available for colleagues to engage and raise matters of concern and discuss an annual report presented by the Non-Executive Director who acts as Speak Up Champion.
- Ensure compliance with statutory and regulatory obligations.
- Ensure a sound system of internal controls and risk management is maintained.
- Assess potential impact of decisions.
- Oversee ESG strategy in all business units.

Nomination Committee

Purpose: To review and monitor the leadership needs of the Board and senior management and support the Company's continued ability to recruit and develop the level and balance of skills, experience and knowledge required to ensure its long-term success.

Find out more in our Nomination Committee Report on pages 64-66

Audit Committee

Purpose: To work closely with the Risk Committee to monitor the integrity of the financial statements and the effectiveness of the systems of internal control and to monitor the effectiveness, performance and objectivity of the internal and external auditors.

Find out more in our Audit Committee Report on page 67-70

Risk Committee

Purpose: To assist the Board with articulating and developing its risk management strategy, to provide oversight of risk across the Group, including the identification of new and emerging risks, and to deal with any material breaches.

Find out more in our Risk Committee Report on pages 71-73

Remuneration Committee

Purpose: To determine the policy and terms and conditions of employment; remuneration/ compensation and benefits of senior executives and to review workforce remuneration and incentive programmes to ensure alignment with culture and strategy and determine share-based arrangements.

Find out more in our Directors' Remuneration Report on pages 74-91

Innovation and Enterprise Committee

Purpose: To assist the Board in assessing whether proposals to expand the range of products and services offered are aligned with the Company's purpose and that the recommended action plan is in the best interests of the Group.

This committee reviews proposals to:

- set up, or purchase, new businesses or commence new business activity;
- purchase stakes in other businesses, or form partnerships or collaborations; and
- create new legal entities or other structures outside of agreed strategy, sell businesses or significant assets or cease to operate any material part, of the Group's business.

Operating Board

Purpose: To support the Group CEO in the performance of duties in relation to the management and day-to-day running of the Group.

Duties:

- Implement the Group's strategy.
- Act as guardians of the brand, customer and data strategy.
- Cultural leadership and people strategy.
- ESG strategy and review/monitoring of targets. Oversee ESG Steering Committee.
- Review principal risks and uncertainties across the Group.
- Ensure effective implementation of Group risk policy and internal controls framework in a consistent manner across all business areas.
- Monitor performance of business units against targets, objectives and key performance indicators set by the Board.
- Review and discuss talent management and succession planning throughout the Group.
- Review and monitor culture, DE&I and colleague engagement metrics.
- Manage risk and conduct, review Group risk and internal audit and assurance plans, and report potential, or actual, breaches of regulation or policy to the Board.
- Oversee Data Management Committee.

Data Management Committee

Purpose: To ensure that Saga's data is actively managed, controlled and monitored and oversee the associated risks.

This Committee is responsible for implementing and embedding the data governance framework and associated processes and policies.

ESG Steering Committee

Purpose: Supports delivery of ESG targets and drives ESG accountability across the business units and Group functions.

The Committee is responsible for the delivery of projects with an ESG focus and members act as ESG ambassadors for their respective functions.

Composition, succession and evaluation

The members of the Board

The Board considers the overall size and composition of the Board to be appropriate, taking into account the independence of character, integrity, differences of approach and experience of all the Directors.

Our Directors have a range of skills and experience in a variety of markets and sectors, particularly in the areas of insurance, financial services, cruise and travel, customer service, media, digital, brand management, strategy and asset and risk management, all of which are invaluable to Saga and fundamental to the pursuit of our objectives.

Our Non-Executive Directors met regularly during the year without Executive Directors present and provided objective, rigorous and constructive challenge to management.

The Senior Independent Director acts as a sounding board for the Non-Executive Chairman.

Independent Non-Executive Directors and Board composition

We continue to comply with the Code recommendation that at least half of our Board, excluding the Chairman, are Non-Executive Directors whom the Board considers to be independent.

The Board considers Anand Aithal, Peter Bazalgette, Gemma Godfrey, Julie Hopes and Gareth Hoskin to be independent Non-Executive Directors, free from any business or other relationships that could materially interfere with the exercise of their independent judgement or objective challenge of management.

Annual re-election

All Directors are required to stand for annual re-election at the Company's AGM. The Board's view is that each of the Directors standing for re-election (or election in the case of Mike Hazell and Mark Watkins) should be re-appointed.

We believe that they have the skills required for the Board to discharge its responsibilities, as outlined in each of their biographies set out on pages 56-57.

The details of the specific reasons why each Director's contribution continues to be important to the Company's long-term sustainable success will be included in our Notice of AGM.

DE&I

The Group has a Dignity and Diversity Policy and, during the year, forums were held on topics relating to DE&I which provided valuable insight on how colleagues felt about matters such as age, ethnicity and gender. The Board recognises that it is important to consider the need to have an inclusive approach for all colleagues.

Gender diversity of the Board and senior management

	Total	Male %	(n)	Female %	(n)
Board[1]	9	78%	7	22%	2
Senior management[2]	45	58%	26	42%	19

Find out more in:

Environmental, Social and Governance on pages 37-43

Nomination Committee Report on pages 64-66

Evaluation of the Board, Committees and Directors

The Board effectiveness and developmental review consisted of interviews with all Directors, conducted by our Senior Independent Director, with support from the Group Company Secretary. Areas of focus included how the Board operated over the year and how it ensured that there was sufficient focus on the strategic priorities for the Group and had the right culture to underpin the Company's purpose and long-term success.

We also used the interviews to seek views on the effectiveness of the Board Committees and the performance of the Non-Executive Chairman. The Senior Independent Director and the other Non-Executive Directors also appraised the Non-Executive Chairman's performance and the Non-Executive Directors had regular meetings with the Non-Executive Chairman at which their performance was discussed.

Action taken as a result of the 2022/23 evaluation

The review concluded that there was an open and transparent Board culture with a collaborative and solutions-based approach, an improved approach to risk management, and customer and colleagues were at the heart of Board decisions.

Actions taken included:

- more discussion centred on data insight to improve the understanding of customer needs; and
- a fresh approach to agenda setting to ensure that the focus of Board meetings was strategy.

Conclusions from 2023/24 evaluation

Operation of the Board: The Board had demonstrated resilience in challenging circumstances, was focused on the right priorities and had the right skills and experience to steer the organisation through the challenges and opportunities ahead. Directors had worked hard to strengthen the flow of dialogue between management and Non-Executive Directors.

Culture: Going forward, the Board culture and composition will need to support a growth orientated mindset focused on our customers and the Saga brand to underpin the long-term success of the Group.

Strategic priorities: Feedback indicated that there was a greater emphasis on strategic discussions at Board meetings. As the Group was made up of different business units, each with its own regulations, the governance needed to balance the need for autonomous subsidiary boards with an appropriate level of Group oversight. It was important that the framework supported delivery of the strategy and ensured that Saga's brand, and the impact on all stakeholders, was at the centre of all decisions. This had been strengthened during the year.

Data and insight: The Board had spent considerable time discussing available insight and data relating to our customers' needs and wants and there needed to be continued focus on how this would lead to the continuation and creation of exceptional experiences for them.

Risk management: The Board was comfortable that they were made aware, through the Risk Committee Chair and Group CEO, of principal risks and uncertainties. The detailed discussions around cyber and data risks were appreciated.

Areas of focus for 2024/25

Saga brand and strategy: There will be even more discussion around what the Saga brand represents and how the data and insight we continue to gather and develop will drive strategy and allow us to grow the number of customers served and deepen our relationship with them.

Culture required to underpin the Company's purpose and long-term success: The Board will ensure that Saga's values continue to have customers at their core and the Board composition, and ways of working, results in open discussions and good outcomes for all stakeholders.

ESG matters: These would be considered in all strategic discussions and the Board will play its part in monitoring performance against agreed targets.

Risk management: The Board will continually discuss how it should continue to support Executive Directors and how the various skills of the Non-Executive Directors should be utilised.

1 Eva Eisenschimmel stepped down as a Director on 31 December 2023, reducing the proportion of female Directors on the Board from 30% to 22%

2 Senior management is defined as the Operating Board and Senior Leadership Team

Nomination Committee Report

"The Committee was mindful that it was important to keep under review the executive and non-executive leadership needs of the organisation, with the aim of ensuring the continued ability of the Company to compete effectively in the marketplace."

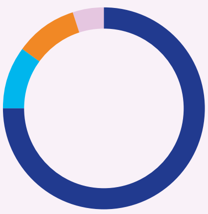
Sir Peter Bazalgette
Chair, Nomination Committee

Committee composition and attendance

Members (majority are independent Non-Executive Directors)	Member since	Max. possible meetings	Attendance
Peter Bazalgette (Chair)	30 Sep 2022	4	4
Anand Aithal[1]	31 Dec 2023	–	–
Roger De Haan	5 Oct 2020	4	4
Eva Eisenschimmel[2]	4 Apr 2019	4	4
Gemma Godfrey[1]	31 Dec 2023	–	–
Gareth Hoskin[1]	31 Dec 2023	–	–

What we did during the year

Time spent on matters



Board composition	c.75%
Succession planning and talent management	c.10%
Diversity, equity and inclusion (**DE&I**)	c.10%
Board evaluation	c.5%

The Committee's responsibilities

- Review the structure, size and composition of the Board needed to ensure the right balance of skills, experience and knowledge are in place.
- Consider how to develop a diverse pipeline in succession planning and talent development of Executive Directors and senior executives.
- Evaluate the independence, experience, diversity and knowledge of the Board.
- Identify and nominate candidates to fill Board and Committee vacancies.
- Review Board performance evaluation results in relation to Board composition.

The Committee's Terms of Reference were reviewed during the year (approved by the Board on 1 February 2024) and are available on our corporate website (www.corporate.saga.co.uk/about-us/ governance).

Committee evaluation

An evaluation of the Committee's effectiveness took place during the year, as part of the Board effectiveness review (for details see page 63).

The evaluation indicated that the Committee had successfully overseen the processes to find successors for the Group Chief Executive Officer (**CEO**) and Group Chief Financial Officer (**CFO**) roles and Committee members were pleased with the steps taken to gather data relating to ethnicity.

Focus for 2024/25 will be on talent development within the Group, succession planning for executive roles and how the Group will meet its targets relating to DE&I.

1 Anand Aithal, Gemma Godfrey and Gareth Hoskin became members of the Committee on 31 December 2023
2 Eva Eisenschimmel ceased to be a member of the Committee on 31 December 2023

Dear shareholder,

This year, the Committee's primary focus was to ensure that the Board, and its committees, had the right balance of skills, experience and diversity in a changing company.

The Committee played a vital role in the succession planning and selection process for the roles of the Group CEO and Group CFO.

I am pleased that this resulted in the appointments of Mike Hazell as Group CEO and Mark Watkins as Group CFO. I look forward to working with them and thank their predecessors, Euan Sutherland and James Quin for their valued contribution.

Board composition

The Committee was mindful that it was important to keep under review the executive and non-executive leadership needs of the organisation, with the aim of ensuring the continued ability of the Company to compete effectively in the marketplace.

Our Terms of Reference set out how we recruit and appoint Directors to the Board. They stipulate that we will use open advertising, or the services of external advisers, to facilitate a search for the best possible candidates.

Following James Quin advising the Board of his intention to step down and pursue a portfolio career, we began a search for his successor as our Group CFO. A job specification was carefully crafted to reflect the requirements for the role, including the skills and experience required.

Teneo People Advisory (**Teneo**) was appointed as an independent search agency to conduct a thorough search. Teneo has no other connection with the Company.

A shortlist was considered for the role and a series of interviews with members of the Committee, Non-Executive Directors, the Chairman and the Group CEO followed for preferred candidates and references were obtained.

The Committee recommended the appointment of Mike Hazell to the role and this was subsequently approved by the Board who agreed that his multi-sector experience in a variety of senior finance roles would support delivery of the Group's strategy to maximise the performance of our core businesses and reduce debt. Mike assumed the position of Group CFO on 9 October 2023.

The same process was followed when Euan Sutherland informed the Board of his intention to step down as Group CEO after four years with the business.

Committee members agreed that the CEO role specification should highlight the need for a CEO who would further develop the vision and implement the strategy for future growth and that this should be a broad-based business leader who would work to address the evolution of customer needs and harness the advantages that technology and data offer.

Teneo put forward internal and external candidates who matched the criteria set out in the role specification and who they felt would work with all stakeholder groups to improve Company performance and value creation, deleverage the Group and optimise the consumer brand. Selected candidates were interviewed by the Chairman, Remuneration Committee Chair and myself.

During the search, Mike Hazell was considered for the role and the Committee felt that his performance to date, and experience in a variety of executive roles, would provide the right skills and experience to take Saga to the next phase of its development. Mike became Group CEO on 28 November 2023.

This meant that the role of the Group CFO needed to be filled and the Board agreed with the Committee's recommendation that Mark Watkins, an internal candidate and chartered accountant who has held a series of senior roles across finance, strategy and investor relations in a 20-year career, be appointed. The Committee felt that Mark's previous experience of Saga would complement Mike's fresh perspective. Mark was appointed to the role of Group CFO on 28 November 2023.

For all searches, candidates were assessed against their strategic skill set, experience, personality and fit and, during the process, care was taken to ensure that the pool of candidates offered diversity of perspective, gender, social and ethnic backgrounds. The Committee also considered the challenges and opportunities facing the Group and the skills and expertise that would be needed on the Board in the future.

Subsequently, Eva Eisenschimmel took the decision to step down from the Board to focus on her executive role with effect from 31 December 2023.

Following the changes to the Board, Committee members discussed how to streamline membership of the committees while remaining compliant with the UK Corporate Governance Code (the **Code**). The Board agreed with the Committee's proposal that Anand Aithal, Gemma Godfrey and Gareth Hoskin should become members of the Committee, and that Julie Hopes should assume the position of Remuneration Committee Chair. This ensured that Non-Executive Directors' skills were carefully matched to Committee membership and that no individual was overloaded.

Independence and election of Directors

The Committee was pleased to note that the Board had approved the re-appointment of Roger De Haan as Chairman after serving his initial three-year term.

After the year end, but prior to publication of this Annual Report and Accounts, the Committee considered the profiles of the Directors, each Director's independence, contribution and time commitment necessary to perform their duties and recommended to the Board that all should be put forward for re-election (or election in the case of the Group CEO and Group CFO) at the 2024 Annual General Meeting.

The Code requires that at least half of the Board, excluding the Chairman, are considered to be independent Non-Executive Directors. At 31 January 2024, five of the nine (56%) Board members were independent Non-Executive Directors, with other members being the Non-Executive Chairman and three Executive Directors.

Nomination Committee Report
continued

DE&I, talent and succession planning

The Committee considered the approach to evaluate performance, talent and succession and how a diverse and high-quality pipeline would be created.

Committee members heard about the Group's plans to continue to embrace diversity and further develop an equitable culture which promotes inclusion and aims to lead the conversation on age diversity in the workforce. It was recognised that diversity is wider than gender and ethnicity and encompasses many cultural differences.

The Company has a Diversity, Equity and Inclusion Equal Opportunities Policy in place, which highlights how everyone is responsible for treating others with dignity, without unfair discrimination, and promoting equality and diversity in all matters, including gender and ethnicity. This policy applies to the Group, including the Board, and is linked to Company strategy. All colleagues must report any breaches, whether actual or perceived, to their line manager or to the People team. There is also the option to report on an anonymous basis via the Company's Speak Up process.

While the policy does not currently set specific targets, the Board agreed data-driven targets as part of the Company's Environmental, Social and Governance strategy. For more information, see page 37. It was agreed that these targets would be a clear driver of improvements in diverse and equitable representation across the Group.

Diversity is considered as part of the appointment process, with reference to diversity of perspective, including gender, social and ethnic backgrounds.

The Committee considered the requirement to report on the gender identity or sex and ethnic background of those on the Board and in senior or executive management. Since the year end, the Company has conducted a colleague diversity review for senior leaders and above, led by the Chief People Officer, to collect this data by way of a survey, which explained the importance of collecting this data. This also included data on neurodiversity.

As a result of Eva Eisenschimmel leaving the Board in December 2023, the Board now has a 22% gender balance of women and there is 42% in the Operating Board and senior layers of management below Board level. Details of gender balance of those in senior management, and their direct reports, can be found on page 63. One member of the Board is from a minority ethnic background and the intention is to, at least, maintain this position.

The Committee recognises that this does not meet the targets set out in the Listing Rules on board diversity and this is something the Board is committed to improving in the coming years. Targets have now been set and disclosed on our corporate website (www.corporate.saga.co.uk/about-us/environmental-social-and-governance/). The intention is to increase female representation in the senior management team to 50%, and 40% on the Board, by 2027.

Board evaluation

It was decided that the best way to stimulate the Board's thinking, on how they can carry out their role and focus on continually improving their effectiveness, was for me to conduct interviews with each of the Directors, with the support of the Group Company Secretary.

The interviews were based around how the Board and Committees have operated over the past year, how sufficient focus can be achieved on this year's key priorities and what skills, experience and strengths are required to steer the Board through the challenges and opportunities ahead. We also discussed how culture can, and should, underpin the Company's purpose and long-term success.

The evaluation report was discussed by the Board and this confirmed that the Board had demonstrated resilience in challenging circumstances, was focused on the right priorities and had the right skills and experience to steer the organisation through the challenges and opportunities ahead. More details can be found on page 63.

Peter Bazalgette

Sir Peter Bazalgette
Chair, Nomination Committee

Audit Committee Report

"The Committee retained focus on the Group improving its liquidity and reducing the level of debt. It played a vital role as steps were taken to increase the Group's financial flexibility."

Gareth Hoskin
Chair, Audit Committee

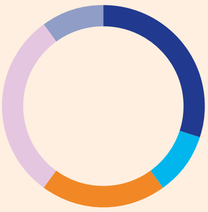
Committee composition and attendance

Members (all are independent Non-Executive Directors)	Member since	Max. possible meetings	Attendance
Gareth Hoskin (Chair)	4 Apr 19	8	8
Anand Aithal	17 Nov 22	8	7
Julie Hopes	31 Dec 20	8	8

The Board is satisfied that Gareth Hoskin has recent and relevant financial experience and competency in accounting, reflected by his professional qualification as a chartered accountant and relevant experience throughout his career. The Board is also satisfied that the Committee members possess an appropriate level of independence and offer a depth of financial and commercial experience across various industries, including the sectors in which the Company operates. The Board of Directors' biographies on pages 56-57 contain details of Committee members' skills and experience.

What we did during the year

Time spent on matters



- Financial statements (including key judgements and estimates) c.30%
- Internal financial controls c.10%
- Internal audit c.20%
- External audit c.30%
- Whistleblowing (**Speak Up**) c.10%

The Committee's responsibilities

- Consider the integrity of the financial statements.
- Review the adequacy and effectiveness of the Company's internal financial controls and other internal control systems.
- Monitor the effectiveness of the Company's Internal Audit and Assurance (**IAA**) and Finance functions; and the external auditor.
- Review the IAA work plan.
- Review the Group's interim and preliminary financial statements and accounting policies.
- Review and approve key judgements and estimates used as a basis for preparing the Group's financial statements.
- Approve the remuneration and terms of engagement, and determine the independence, of the external auditor.
- Monitor the scope of the annual audit and the extent of non-audit work undertaken by the external auditor.
- Provide recommendations on the fair, balanced and understandable assessment, going concern basis of preparation and viability statements.
- Ensure that Speak Up and anti-fraud systems are in place and monitored.

The Committee's Terms of Reference were reviewed during the year (approved by the Board on 1 February 2024) and are available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

Committee evaluation

An effectiveness evaluation of the Committee took place during the year, as part of the Board effectiveness review (for details, see page 63).

The review concluded that the Committee was chaired well with an appropriate level of review and challenge and acknowledged that steps were being taken to strengthen financial systems and processes.

The focus for 2024/25 will be oversight of the implications of transitioning to a capital light model.

Audit Committee Report
continued

Dear shareholder,

The Committee continued to support the Board and provide independent scrutiny of the Group's financial reporting and internal controls.

The Committee retained focus on the Group improving its liquidity and reducing the level of debt. It played a vital role as steps were taken to increase the Group's financial flexibility. This included the delivery of central cost savings following the move towards a leaner operating model; an increase to the loan facility with Roger De Haan, to £85.0m, alongside an extension of the maturity; and the exit of some of our smaller, loss-making activities to prioritise growth within our core businesses. During the year, the Committee approved and oversaw audits in areas such as financial key controls; Consumer Duty implementation; application fraud; and data; and monitored assurance work on an audit of customers in vulnerable situations. We also continued to work closely with the Risk Committee. For more detail on how the risk to our business strategy was assessed, see the Risk Committee report on pages 71-73.

Reporting

Interim and preliminary results

The interim and preliminary results were reviewed and challenged, together with the appropriateness, and application, of key accounting policies and areas of significant judgement and how these were made.

KPMG LLP (**KPMG**) provided reports throughout the year, focused on areas identified as having significant audit risk.

Significant issues

Impacts of high inflation and uncertain economic conditions on liquidity, going concern and viability

As set out in detail later in this report, the Committee reviewed and challenged the assessments that management made, including the appropriateness of the underlying forecast assumptions used in the modelling for going concern and viability.

During the year, the Committee discussed the effect of high costs and inflation in a competitive environment and, in particular, the decision to reduce central operating expenses and review investment in the Group's newer, smaller, loss-making businesses.

Committee members also considered the impact of an increase to the value, and extension to the repayment date, of the existing loan facility with Roger De Haan.

Find out more in:

- **Note 2.1 of the financial statements on page 110**
- **Viability Statement on page 50**
- **Independent Auditor's Report to the Members of Saga plc on pages 96-104**

Valuation of insurance contract liabilities

Following the adoption of International Financial Reporting Standard (**IFRS**) 17 'Insurance Contracts', the valuation of insurance contract liabilities continued to be based on significant estimates and the application of an appropriate discount rate to liabilities incurred for claims. The Committee reviewed and challenged the key judgements relating to the estimate of the core actuarial best estimate liability, which is based on historical loss data. It also reviewed the adjustment to the actuarial best estimate in respect of events not in data, and the distribution of ultimate claim costs around the best estimate, including and specifically ultimate claim costs at the 85% confidence level which drives the IFRS 17 risk adjustment.

Find out more in:

- **Note 28 of the financial statements on pages 166-169**
- **Independent Auditor's Report to the Members of Saga plc on pages 96-104**

Valuation of goodwill

The Committee reviewed the impairment assessments of the Insurance goodwill balance, as at 31 July 2023 and 31 January 2024, and considered the assumptions made by management in relation to the calculation of the discount and terminal growth rates.

The Committee challenged the robustness of the underlying cash flow forecasts and the stresses considered in determining the impairment of £68.1m recognised in July, and the further impairment of £36.8m, taking the total impairment charge for the year to £104.9m at 31 January 2024.

Find out more in:

- **Note 16 of the financial statements on pages 143-144**
- **Independent Auditor's Report to the Members of Saga plc on pages 96-104**

Valuation of the parent company's investment in subsidiaries

The Committee evaluated the recoverability of the carrying value of the investment in subsidiaries held on the balance sheet of the Company. It considered the cash flow forecasts, discount rates, valuation methodology and stresses in determining that no further impairment would be recognised during the year.

Find out more in:

- **Note 2 of the Company financial statements on pages 185-186**
- **Independent Auditor's Report to the Members of Saga plc on pages 96-104**

Valuation of ocean cruise ships

The Committee reviewed indicators of impairment for the Group's ocean cruise ships at 31 July 2023 and at 31 January 2024.

At both dates, these reviews failed to identify any new indicators of impairment and, therefore, no impairment assessments were conducted. The key items considered were changes in the trading outlook for the Ocean Cruise division, and changes in the useful economic lives and residual values of the assets due to technological obsolescence or changes in climate change regulations and the discount rate.

- **Find out more in Note 17 of the financial statements on pages 145-146**

Carrying value of other material assets

The Committee reviewed indicators of impairment, and resultant impairment reviews, of the Group's other items of property, plant and equipment, river cruise ships and software intangibles. For land and buildings, the Committee considered whether any buildings recognised as held for sale at the balance sheet date still met the necessary criteria as per IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' and, for those that did, challenged the basis of the updated valuations obtained.

Defined benefit pension scheme

The Master Trust defined contribution scheme, operated by Aviva, that was set up in October 2021 provided a fair scheme for all colleagues and mitigated the risk of future deficits developing in previous schemes that were closed to future accruals when the Master Trust was launched. The Group continued to make the agreed payments of £5.8m (2023: £5.8m) to the defined benefit pension fund as part of the deficit recovery plan.
The Committee noted the assumptions made by the Group's pension scheme advisers in determining the valuation of the scheme in accordance with International Accounting Standard 19 'Employee Benefits' at 31 July 2023 and 31 January 2024.

- **Find out more in Note 27 of the financial statements on pages 162-165**

Internal control observations of the external auditor

The Committee considered the internal control observations identified by the Group's external auditor, as part of the audit, and management attended Committee meetings to provide context and assurance regarding appropriate actions.

Accounting policies

The Committee was satisfied that the key accounting policy choices and judgements were appropriate and provided a true and fair view of the Company's financial performance and position. This included the application of the new reporting standard, IFRS 17, and the judgements and decisions made in the application thereof. The Committee also satisfied themselves that the appropriate controls over new processes, established to implement the new accounting standard, were robust.

Fair, balanced and understandable

We advised the Board that we supported the statement on page 53 that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. This was following consideration of whether:

- the report was clear and presented a balanced view of successes, challenges, opportunities and risks;
- key messages were prominent and an appropriate level of key performance indicators (**KPIs**) were disclosed;
- business segments, significant issues and key judgements reporting was consistent with disclosures in the financial statements; and
- definitions provided were explained and Alternative Performance Measures were reconciled with the closest IFRS measure in the financial statements.

Going concern and viability

The going concern basis of preparation disclosure note is set out on page 110, and the Viability Statement, and the methodology for assessing the Group's ongoing viability, are set out on page 50.

Our review took account of the Group's current position, the principal risks and uncertainties (as reviewed and refreshed by the Risk Committee and detailed on pages 46-49) and the methodology used to provide an assessment of ongoing viability over the five-year period of review. We considered the relevant assessment time horizon; severe but plausible potential outcomes; and the appropriateness of the higher and lower case trading scenarios modelled.

In particular, we considered the ongoing challenging market for Insurance, in an environment of heightened global economic uncertainty, and how this could affect both the viability of the Group and the going concern basis of preparation that underpins the Group's financial statements. We also considered management actions that may be taken to manage the solvency of the Group in the event of lower case trading scenarios and other risks materialising, including a drawdown of the £85.0m loan facility with Roger De Haan. Based on this review, we confirmed to the Board that we considered that it was reasonable for the Directors to continue to prepare the financial statements on a going concern basis and to make the Viability Statement on page 50.

Audit and control

Internal controls

The Committee reviewed the outcome of the audits of key financial controls. The Group Financial Controller provided an update on accounting issues and key aspects of financial controls at each meeting. The Committee continued to receive updates on the implications of IFRS 17, regulatory developments and the progress made with the Group's preparatory work on its adoption and application in this financial year. Throughout the year, management updated the Committee on plans to replace the Group's core general ledger accounting system to simplify and improve the efficiency of processes, strengthen security and improve the financial control environment through automation of manual processes. The Risk Committee also considered the impact and acceptable level of risk for this project.

Find out more in our Risk Committee Report on pages 71-73

Financial crime and Speak Up reporting

During the year, policies covering financial crime (including anti-bribery; anti-corruption; anti-fraud; anti-money laundering and treasury sanctions; and asset freezing) were reviewed and approved. Existing Speak Up processes and policy were reviewed against best practice to ensure continued integrity and effectiveness and to encourage colleague engagement. The Committee recommended the Speak Up policy for Board approval which was granted on 28 March 2023. It is my responsibility to ensure the integrity, independence and effectiveness of the Company's Speak Up Policy and procedures. The Committee reviewed all reported cases and concluded that these had been handled in accordance with the policy or, where applicable, exceptions noted accordingly. An independent review by management, identified enhancements to the process, which the Committee agreed with.

IAA

The combination of Internal Audit and Risk functions in the non-financial services businesses last year, allows for greater alignment between these areas to improve risk maturity within the Group and to support delivery of the strategy. Insurance continues to maintain its own Risk function. The framework enables the Company to attract subject matter experts, combined under one leadership structure, to support synergies and combined assurance, while maintaining operational independence of the 2nd and 3rd lines.

We approved the Internal Audit work plan and considered the internal audits conducted throughout the year. The audit plan was refreshed on a quarterly basis, with progress being appropriately reported by the IAA Director and amendments to the audit plan being approved by the Committee. We were satisfied that the IAA function, a team of 12 people with a broad range of skills, when combined with the use of external resource for specialised audits, had appropriate resources. The IAA Director attended Committee meetings and provided regular reports on the progress of the Internal Audit plan. Two private meetings were also held with the IAA Director throughout the year.

The Committee monitored whether the Internal Audit function was independent of management, and so able to exercise independent judgement throughout the year and was satisfied that this was the case.

Audit Committee Report
continued

A quality assurance and improvement programme, as required by the Chartered Institute of Internal Auditors (**CIIA**), was considered. The Committee concluded that the Internal Audit function complied with the CIIA's definition of internal auditing, the core principles of the Professional Practice of Internal Auditing and the Code of Ethics.

The Committee (in cooperation with the Risk Committee) monitored the work of the Risk, Compliance and Internal Audit functions to ensure that their activities complemented each other appropriately. KPIs included the timeliness of issuing reports and completing issues assurance. We approved the Internal Audit Charter, which is available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

Work conducted over the year was risk-based and covered both financial and non-financial controls. A selection is shown below:

- **Financial key controls (Group-wide):** Review of the application of key finance controls, including those related to fraud.
- **Consumer Duty (Insurance):** Review of the implementation of Consumer Duty.
- **Application fraud (Insurance):** Audit scope included an end-to-end review of key controls to detect and prevent application fraud, including use of tools and data.
- **Data (Group-wide):** Scope included the identification, and categorisation of systems that maintain, process or store personally identifiable information; and review of incident response, root cause analysis, corrective actions, data quality, ownership and access.

Where improvements were identified, including the oversight and prioritisation of change and the optimisation of the operating model, available resources and financial controls, an action plan was agreed with management and appropriately tracked. Internal Audit also presented their annual year-end review of the effectiveness of the risk management and controls framework. They found it reasonable for the Committee to conclude that, while areas for improvement were identified, the internal risk and control environment is broadly effective.

Find out more in:

- **Risk management on pages 44-45**
- **Risk Committee Report on pages 71-73**

Subsidiary audit committees

The Non-Executive Directors, who chair the Saga Services Limited, Saga Personal Finance Limited, Acromas Insurance Company Limited and Saga Cruise audit, risk and compliance committees, ensure that there is an adequate level of oversight and that matters are escalated to the Committee as appropriate.

External audit

KPMG was appointed as the Company's external auditor for the financial year ended 31 January 2018 (following a competitive tender process in 2016/17) and has been re-appointed annually since then. Timothy Butchart has been the audit partner from the start of the 2022/23 audit.

Audit planning

KPMG presented an audit plan for the financial year, together with an outline of its risk assessments, materiality thresholds and planned approach. The key aspects of the plan are set out in the Independent Auditor's Report to the Members of Saga plc on pages 96-104.

The Committee considered the audit scope, materiality and coverage, areas of audit focus and KPMG's planned response to identified significant audit risks, taking size, complexity and susceptibility to fraud and error into account. We also considered, and approved, KPMG's engagement terms and fee proposal for 2023/24.

Auditor independence and non-audit services

During the year, the Committee met twice with the external auditor without members of management being present.

The challenge, independence and objectivity of KPMG was monitored continuously by the Committee and independence was confirmed by the auditor throughout the year in letters addressed to the Committee.

In accordance with the Revised Ethical Standard issued by the Financial Reporting Council in 2019, the Committee has a robust Auditor Independence Policy on non-audit fees and employment of former employees of the external auditor. The policy includes a list of non-audit services which we are satisfied that the external auditor can carry out without affecting its independence as external auditor. There are clear approval levels where the Committee Chair, or the whole Committee, is required to authorise assignments. The Auditor Independence Policy was reviewed on 25 September 2023.

The audit fees payable to KPMG in respect of the year ended 31 January 2024 were £2.2m (2023: £1.9m) and non-audit service fees incurred were £0.3m (2023: £0.2m), the latter being incurred for work to review the Group's interim results and essential reporting to our banks and travel and insurance industry regulators. This equates to a non-audit to audit fee ratio of 0.1 (2023: 0.1). A summary of fees paid to the external auditor is set out in Note 4 to the consolidated financial statements on page 134.

Audit quality and effectiveness of external auditor

The following were considered when assessing the effectiveness of KPMG:

- Our perception of KPMG's understanding and insight into the Group's business model.
- How key areas of judgement were approached by KPMG, the extent of challenge and the quality of reporting.
- The content of, and management's responsiveness to, KPMG's management letter.
- Feedback from management following completion of an evaluation survey on the audit process (including audit scope, audit communication, independence and objectivity).

The evaluation concluded that the external auditor had run the audit process well, retained a high level of independence and had thoroughly, and fairly, challenged the key accounting judgements and estimates. The conclusion was that the audit was judged to be good quality.

The Committee is satisfied that the audit continues to be effective and provides independent and objective challenge to management. A recommendation was made to the Board for the re-appointment of KPMG as the Company's auditor at the forthcoming Annual General Meeting.

Gareth Hoskin
Chair, Audit Committee

Risk Committee Report

"We held robust discussions on the macroeconomic landscape and how our internal control environment should operate, to address the increased cybercrime risk, and ensure that our data was effectively protected."

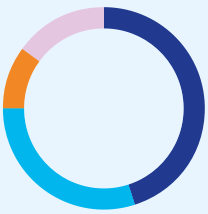
Julie Hopes
Chair, Risk Committee

Committee composition and attendance

Members (all are independent Non-Executive Directors)	Member since	Max. possible meetings	Attendance
Julie Hopes (Chair)	4 Apr 2019	6	6
Gemma Godfrey	17 Nov 2022	6	5
Gareth Hoskin	4 Apr 2019	6	6

What we did during the year

Time spent on matters



Management and reporting	c.45%
Risk strategy, policy and appetites	c.30%
Compliance	c.10%
Data risk control	c.15%

The Committee's responsibilities

- Review and advise the Board on the Group's overall risk appetite, tolerance, strategy and risk assessment processes.
- Oversee and advise the Board on current risk exposure and future risk strategy.
- Monitor the effectiveness of the Group's risk management and internal control systems and conduct risk management procedures.
- Monitor principal risks and uncertainties (**PRUs**).
- Consider the Group's capability to identify, and manage, new and emerging risk.
- Provide qualitative and quantitative advice to the Remuneration Committee on risk weightings.
- Review material breaches of risk limits and adequacy of action.

The Committee's Terms of Reference were reviewed during the year (approved by the Board on 1 February 2024) and are available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

Committee evaluation

An evaluation of the Committee's effectiveness took place during the year, as part of the Board effectiveness review (for details, see page 63).

The review indicated that the meetings were well chaired, focused on the right areas and that the Board were made aware of, and discussed, matters of importance, such as cyber and data risks.

The focus for 2024/25 will be on how the Board can continue to form a common view of the key risks to the business, agree appropriate risk appetites and support Executive Directors and management accordingly.

Risk Committee Report
continued

Dear shareholder,

During the year, the Risk Committee considered how the redesign of the risk framework during the previous year had been implemented, and embedded, to support the fulfilment of fiduciary duties, promote good governance and ensure business objectives were delivered, while enhancing risk maturity within the business.

We revised the Risk Policy during the year to make it clearer and quantified risk appetite statements which recognised a reduction in the level of contagion risk as a result of the revised model. We held robust discussions on the macroeconomic landscape and how our internal control environment should operate, to address the increased cybercrime risk, and ensure that our data was effectively protected. We also considered the actions being taken as part of the Group's Environmental, Social and Governance (**ESG**) strategy, with a focus on climate change and carbon emissions.

Management and reporting

The Committee considered the rationale behind the selection of the Group's PRUs. PRUs were reviewed at each meeting and refreshed regularly during the year, ensuring that new and emerging risks and opportunities were captured and remained at the forefront of the Group's strategic planning.

Due to significant organisational change, the risk of capability and capacity of colleagues was heightened. 2nd line carried out a review and confirmed adequate plans were in place to manage risk during this time of change, as the operating model was redesigned.

The Committee considered it appropriate to consider the risk associated with the Company's ability to refinance debt and take into account facility maturities. This was captured in the PRU relating to liquidity/debt refinancing and mitigating actions were robustly discussed. This included an extension to the value, and repayment date, of the existing loan facility with Roger De Haan, together with cost reductions carried out in the third quarter. For more information on the Group's PRUs see pages 46-49.

The Committee reviewed the risks relating to the performance of each business and those arising from incidents in relation to control failures or weaknesses. Material risk matters were escalated, from subsidiaries to the Committee, where appropriate. We discussed these incidents in the context of the risk framework to identify the impact of causes, and necessary actions and monitoring requirements.

Risk management, compliance and internal controls

In coordination with the Audit Committee, we discussed the effectiveness of the Group risk management framework and internal control systems, including reference to all material financial, operational and compliance controls. The Committee concluded that the internal risk and control environment was broadly effective, with appropriate controls to mitigate key risks. The Group will continue to take action to enhance the customer experience, strengthen supplier risk management processes and embed management actions and risk maturity across its businesses.

We recommended to the Board that the appropriate statements could be made, confirming that a robust assessment of emerging and principal risks facing the Group and a review of the effectiveness of the risk management process had been carried out (see pages 44-45).

Risk strategy, policy and appetite

Changes and additions to the PRUs were scrutinised, in line with the agreed strategy and business model, and the results of this review are shown in the Strategic Report on pages 46-49. These formed the basis of the scenario testing used to produce the Viability Statement (see page 50).

Our risk management processes are described on pages 44-45. These are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

We reviewed the Group risk appetites and risk framework during the year. Since the year end, the Committee reviewed the effectiveness of the risk function and considered the risk target operating model and future roadmap. We benchmarked progress in risk maturity against the principles set by industry best practice.

We reviewed and recommended a Risk Policy for Board approval during the year, setting out the purpose, authority and responsibility of the risk management and control function and its role within the Group. The Board approved the Risk Policy on 28 March 2023.

Data risk control framework

The Committee heard how management had significantly progressed a control framework to ensure that data was protected within the Group. This included enhanced processes on subject access requests, retention of data and new software to assist with the workflow of data protection impact assessments.

Cyber risk

The Chief Information Officer and Head of Information Security attended Committee meetings so that a full discussion regarding the steps being taken to protect Saga against the increased threat of a cyber attack could take place. The Committee noted that this was due to a more active threat environment as a result of the macroeconomic environment and geopolitical uncertainty.

Consumer Duty

Following the introduction of the Consumer Duty rules that came into force on 31 July 2023, the Committee supported the implementation of the Group Consumer Duty plan.

General ledger accounting system change

At the request of the Audit Committee, the Committee discussed the risks associated with the proposed replacement of the general ledger accounting system. The Committee agreed with management's proposal to postpone implementation to the second half of the year to reduce project risks. Due to the importance of this project and the impact on the financial control environment, the Committee members agreed to maintain oversight of the project risks, receiving regular updates from management and the business unit risk and audit committees.

Economic climate

Cost inflation continued to be discussed as a significant short-term impact to the Group. The Committee considered how inflation had exacerbated the cost of living crisis affecting the UK, and continued to influence behavioural habits of our customers and colleagues.

Climate change

The Committee reviewed the risks relating to climate change, including both physical risks associated with the direct impacts of climate change and the transition risks arising from the adjustment to a low-carbon, sustainable economy. We considered the high level of uncertainty around climate change risk, and the associated impacts to operations, business sustainability and reputation.

The regulatory requirements around climate risk management faced by Saga were discussed, including compliance with the recommendations of the Task Force on Climate-Related Financial Disclosures and the embedding of climate-related risk management across the Group going forward. This is set out in our separate ESG Report, which can be found on our corporate website (www.corporate.saga/about-us/environmental-social-and-governance).

Julie Hopes
Chair, Risk Committee

Annual Statement

"We continue to be as focused on our colleagues as we are on our customers. The Committee's aim is to ensure that our approach to rewarding colleagues at all levels is aligned to our business strategy, which places customer service and colleague engagement at its core."

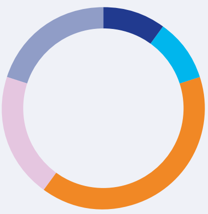
Julie Hopes
Chair, Remuneration Committee

Committee composition and attendance

Members (all are independent Non-Executive Directors)	Member since	Max. possible meetings	Attendance
Julie Hopes (Chair)[1]	4 Apr 2019	10	10
Eva Eisenschimmel[2]	4 Apr 2019	10	9
Gemma Godfrey	17 Nov 2022	10	9
Peter Bazalgette	17 Nov 2022	10	10

What we did during the year

Time spent on matters



Remuneration Policy	c.10%
Regulatory developments	c.10%
Senior management remuneration	c.40%
Share schemes	c.20%
Colleague compensation and benefits structure	c.20%

The Committee's responsibilities

- Set and monitor the Remuneration Policy (the **Policy**) for senior executives, considering legal and regulatory requirements and all relevant factors to ensure alignment with delivery of value over the long term.
- Determine and monitor remuneration packages for Executive Directors, the Chairman and senior management.
- Review workforce remuneration and incentive programmes to encourage desirable culture, behaviour and responsible risk taking.
- Determine all aspects of share-based incentive arrangements.
- Review and administer colleague share schemes.
- Set key performance indicators (**KPIs**) for the Annual Bonus Plan and long-term incentives.
- Prepare a Directors' Remuneration Report annually.

The Remuneration Committee's Terms of Reference were reviewed during the year (approved by the Board on 1 February 2024) and are available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

Committee evaluation

An evaluation of the Committee's effectiveness took place during the year, as part of the Board effectiveness review. For details, see page 63.

It was acknowledged that the Remuneration Committee had navigated some difficult decisions and had applied and monitored the Policy well, with clear direction from the Committee Chairs balanced by helpful advice from external advisers.

The Committee's focus for 2024/25 will be to continue to balance discussions to ensure that the wider workforce is fairly represented and decisions are made taking the impact on all stakeholders into account.

1 Julie Hopes became Chair of the Committee on 31 December 2023
2 Eva Eisenschimmel ceased to be a member and Chair of the Committee on 31 December 2023

Dear shareholder,

I am pleased to present to you the Directors' Remuneration Report for the year ended 31 January 2024 which has been approved by both the Remuneration Committee (the **Committee**) and the Board.

As the new Chair of the Committee since 31 December 2023, I would firstly like to take the opportunity to thank my predecessor, Eva Eisenschimmel, for her excellent leadership of the Committee and her advice and support as I transitioned into the role.

Rising to the challenges

Inflation, and the cost of living, continued to provide a challenging landscape throughout 2023, particularly in motor insurance. Despite these ongoing pressures, I am pleased to highlight that Underlying Profit Before Tax[3] more than doubled when compared with the prior year, demonstrating the growth of our Cruise and Travel businesses.

The demand for our cruises has been very positive across both Ocean and River Cruise, with increased occupancy year-on-year and, at April 2024, we had exceptionally strong bookings for 2024/25. Passengers in our Travel business also increased in the year. Through the determination of our leadership team, we anticipate that these numbers will continue to grow.

Motor insurance has been a challenge, despite adapting to greater competition and a number of regulatory changes. Going forward, we believe the market will improve and we are prioritising the redevelopment of these operations and channelling our efforts into stabilising policies while balancing long-term returns.

Within Saga Money, we have faced challenges due to increased interest rates, particularly within equity release. However, the team has continued to move forward, with the expansion of our range of products and the introduction of our new website to further cater to our customers' financial needs.

During the year, the Group agreed an extension of the loan facility in place with Roger De Haan, increasing the amount that can be drawn from £50.0m, to £85.0m. The facility was not drawn during the year but is expected to be drawn down as part of the May 2024 bond repayment.

In summary, this year has not been without challenges, however, with our strategy and dedicated leadership team, we look to overcome them and continue to grow and develop the business.

Company performance for the 2023/24 financial year

The implementation of our strategy (as outlined on pages 5-9) has been measured against the KPIs set out below:

- Underlying Profit Before Tax[3] increased by £22.7m[4] to £38.2m.
- Net Debt[3], at 31 January 2024, of £637.2m, £74.5m lower than 31 January 2023.
- Customer transactional net promoter score of 59, a two point reduction when compared with the prior year, reflecting market-wide increases to Insurance pricing, alongside resultant call centre pressure.
- Colleague engagement reduced, when compared with the prior year, as we went through a significant change programme.
- Customer consent attempt rate increased to 89% for 2023/24, from 78%, reflecting enhanced system configuration and colleague awareness.

Changes to the Board

On 9 October 2023, after almost five years with Saga, James Quin stepped down from his role as Group Chief Financial Officer (**CFO**). Following an extensive search for a suitable replacement, Mike Hazell was appointed to the role.

After four years with Saga and leading the Company through an immensely challenging period, Euan Sutherland informed the Board that he believed that it was the right time for a new Group Chief Executive Officer (**CEO**) to take Saga onto the next phase of its development. Euan stepped down as Group CEO on 28 November 2023. During his tenure, despite the pressures caused by the pandemic, Euan stabilised the business, launched a new strategy, strengthened the leadership team, oversaw detailed work to strengthen the brand and identified new income streams. The Board was pleased to announce that, following a thorough internal and external process, Mike Hazell would move from Group CFO to Group CEO and that, in turn, Mike would be succeeded by Mark Watkins, previously Group Chief Corporate Development Officer.

As part of this transition, the Committee carefully considered the salary that should be offered to both Mike and Mark in their new roles and agreed that these should reflect the current size of the business, while taking into account the need to appoint individuals with the necessary skills and experience for these key roles, alongside the competitive landscape for other similar roles. Taking the above into consideration, the new salaries for the CEO and CFO were positioned lower than their predecessors, at £600,000 and £375,000 respectively. Other remuneration arrangements for both Mike and Mark are in line with the current Policy.

The Board, and management team, are grateful for the contributions both Euan and James have made to Saga and wish them both every success in the future.

The treatment of the remuneration arrangements for Euan and James are set out in the Section 430 (2B) announcement available on our corporate website (www.corporate.saga.co.uk/about-us/governance) and repeated on page 83.

Salary increases for 2023/24

During 2023/24, Euan Sutherland, James Quin and Steve Kingshott each received salary increases of 3%. This is lower than the 5% awarded to the wider workforce in December 2022, brought forward as part of the cost of living support provided to colleagues.

2023/24 bonus

The assessment of annual performance for the Executive Directors is 70% based on business performance against a scorecard of financial targets, and the remaining 30% is based on their achievement of personal objectives, which are central to delivery of the strategy and operating model. The specific targets set are shown on page 79, together with the degree of achievement of each.

Performance under the financial measures resulted in a formulaic outcome of 41.9% out of the maximum 70% for the Group CEO and CFO and 17.5% of the maximum for Steve Kingshott.

The Board reviewed each Executive Director's individual performance for the period worked during the year, against a number of bespoke objectives, and determined that the outcomes for Mike Hazell, Mark Watkins, Steve Kingshott, Euan Sutherland and James Quin would be 30.0%, 30.0%, 18.5%, 19.0% and 20.0% out of the maximum 30.0% respectively. Further details of each Executive Director's individual contribution to the business can be found on page 80.

3 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

4 The prior year has been restated to reflect the adoption of International Financial Reporting Standard 17 'Insurance Contracts'

Annual Statement
continued

Page 78 sets out the calculation for the 2023/24 bonus, which paid out between 36% and 72% of maximum for the Executive Directors. The Committee carefully considered the level of bonuses achieved in respect of the targets set for 2023/24 and determined that no discretion would be applied to bonus outcomes. The conclusion was reached after taking into account matters such as the overall performance of the business and the shareholder and employee experience across the year. Underlying Profit Before Tax[5] more than doubled when compared with the prior year, while Net Debt[5] reduced by £74.5m over the same period, leaving the business in a stronger position. Additionally, while an extension of the loan facility with Roger De Haan was agreed in the year, funds were not drawn against this facility. Taking the above points into consideration, the Committee believes that the formulaic outcomes were appropriate.

The bonus for both Mike Hazell and Mark Watkins reflects the proportion of the year worked since joining the Board.

Mike Hazell will receive a bonus of £197,805 to reflect the four months of the financial year since he was appointed to the Board. Mark Watkins will receive a bonus of £56,195 to reflect the two months of the financial year since he was appointed to the Board. Steve Kingshott will receive a bonus of £185,403. Euan Sutherland will receive a bonus of £566,900. James Quin will receive a bonus of £242,395.

In line with our approved Policy, all Executive bonus awards are paid one-third in deferred shares and two-thirds in cash.

2020 Restricted Share Plan (**RSP**) vesting

The first RSP awards were made in 2020 to the former Group CEO and CFO.

While the maximum award under the Policy was 100% of salary for the Group CEO, and 85% of salary for the Group CFO, awards were granted at a reduced level of 70% of salary for the CEO and 65% of salary for the CFO, representing a reduction of 30%. At the time of grant, the Committee was conscious of the volatility and the fall in the share price of the Company, due to the impact of the COVID-19 pandemic on its Cruise and Travel businesses, among other factors, and reduced the 2020 RSP award levels accordingly.

On vesting, the Committee carried out an assessment of the RSP to determine whether the underpin test had been met and whether the awards would result in a windfall gain on vesting. The Committee concluded that the terms of the underpin had been met and that there were no windfall gains over the vesting period, the Committee nevertheless deemed it appropriate to exercise its discretion to apply a further 10% reduction to the award at the point of vesting. In making this decision, the Committee considered the 30% reduction which had been applied at the date of award, but also the broader stakeholder experience during the three-year vesting period. The 2020 RSP, therefore, vested at 90% of the maximum.

Where time was allocated during the year – matters discussed, decisions made and actions taken

- Approved Executive Director and Operating Board salary increases for 2023/24.
- Approved the business and personal metrics for the 2023/24 annual bonus. Details of the personal objectives for the Executive Directors can be found on pages 79-80.
- Made grants under the RSP for the Operating Board and Senior Leadership Team.
- Recommended that the Board approve the award of Free Shares to all eligible colleagues.
- Agreed remuneration for outgoing Executive Directors, Group CEO, Euan Sutherland and Group CFO, James Quin.
- Reviewed and agreed the compensation package for new Executive Directors, the Group CEO, Mike Hazell, and Group CFO, Mark Watkins.
- Reviewed progress against the actions to reduce our gender pay gap.
- Noted the voting results on our Remuneration Report at the 2023 Annual General Meeting (**AGM**) and continued our constructive dialogue with shareholders.
- Determined the level of bonus awards for 2023/24.
- Determined the level of vesting under the 2020 RSP.
- Discussed how the Committee would review wider workforce pay and ensure alignment of incentives throughout the Company with its culture and strategy.
- Reviewed the dilution levels against the relevant share scheme dilution limits.

Wider workforce considerations

In making decisions on executive pay, the Committee considers wider workforce remuneration and conditions, as outlined on pages 84-85.

We continue to be as focused on our colleagues as we are on our customers. The Committee's aim is to ensure that our approach to rewarding colleagues at all levels is aligned to our business strategy, which places customer service and colleague engagement at its core.

We continue to engage with colleagues on executive reward matters through our People Committee, which my predecessor attended regularly, and which I intend to continue. Further details of our People Committee can be found in our 2024 Environmental, Social and Governance Report.

As part of our commitment to fairness, this report contains details of the pay and conditions of our wider workforce, the cascade of incentives throughout our business and our Group CEO to colleague pay ratio. Details of Saga's gender pay report can be found on our website (www.saga.co.uk/gender-pay-review).

Shareholder consultation and looking ahead

The Committee continues to maintain an open and constructive dialogue with shareholders. In 2023, we consulted with major shareholders on the decisions made in respect of the financial year. At the 2023 AGM, we received majority support from shareholders on the Directors' Remuneration Report with a voting outcome of 81.75%. It is pleasing to see that the majority of shareholders supported the resolution to approve the Directors' Remuneration Report, however, we will continue to engage with shareholders and seek to incorporate feedback within our future remuneration decisions.

Conclusion

I hope you find the information contained in this report helpful, thoughtful and clear.

I am always happy to hear from our shareholders, and you can contact me at any time at julie.hopes@saga.co.uk if you have any questions or comments on this report.

Julie Hopes
Chair, Remuneration Committee

5 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Annual Report on Remuneration

2023/24 Actual performance and remuneration outcomes

Single total figure of remuneration for Executive Directors for the 2023/24 financial year (audited)

The table below sets out the single total figure of remuneration and breakdown for each Director in respect of the 2023/24 financial year. Comparative figures for the 2022/23 financial year have also been provided. Figures provided have been calculated in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended in 2013.

	Period	Salary (£)	Taxable benefits (£)	Pension (£)	Other (£)	**Total fixed (£)**	Bonus[1] (£)	Restricted Share Plan (**RSP**)[2] (£)	**Total variable (£)**	**Single figure (£)**
Mike Hazell[3] (Group Chief Executive Officer (**CEO**))	2023/24	180,308	4,267	10,846	–	**195,421**	197,805	367,200	**565,005**	**760,426**
	2022/23	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	**n/a**	**n/a**
Euan Sutherland[4] (Former Group CEO)	2023/24	620,283	11,122	37,217	–	**668,622**	566,900	600,088	**1,166,988**	**1,835,610**
	2022/23	728,262	12,938	43,696	–	**784,896**	385,587	582,610	**968,197**	**1,753,093**
Mark Watkins[5] (Group Chief Financial Officer (**CFO**))	2023/24	62,500	2,285	3,857	–	**68,642**	56,195	n/a	**56,195**	**124,837**
	2022/23	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	**n/a**	**n/a**
James Quin[6] (Former Group CFO)	2023/24	313,124	10,809	18,787	–	**342,720**	242,395	308,701	**551,096**	**893,816**
	2022/23	440,750	13,192	26,445	–	**480,387**	200,045	299,710	**499,755**	**980,142**
Steve Kingshott[7] (CEO of Insurance)	2023/24	412,000	13,125	24,720	–	**449,845**	185,403	247,200	**432,603**	**882,448**
	2022/23	33,333	1,090	2,000	–	**36,423**	13,937	–	**13,937**	**50,360**
Roger De Haan (Non-Executive Chairman)	2023/24	Nil	–	–	–	**Nil**	–	–	**Nil**	**Nil**
	2022/23	Nil	–	–	–	**Nil**	–	–	**Nil**	**Nil**
Eva Eisenschimmel[8] (Former Non-Executive Director and Remuneration Committee Chair)	2023/24	69,209	–	–	–	**69,209**	–	–	**–**	**69,209**
	2022/23	73,672	–	–	–	**73,672**	–	–	**–**	**73,672**
Julie Hopes[9,10] (Non-Executive Director, Remuneration Committee Chair, Risk Committee Chair and Chair of Saga Services Limited)	2023/24	141,834	–	–	–	**141,834**	–	–	**–**	**141,834**
	2022/23	175,088	–	–	–	**175,088**	–	–	**–**	**175,088**
Gareth Hoskin (Non-Executive Director, Audit Committee Chair and Chair of Acromas Insurance Company Limited)	2023/24	141,000	–	–	–	**141,000**	–	–	**–**	**141,000**
	2022/23	137,344	–	–	–	**137,344**	–	–	**–**	**137,344**
Gemma Godfrey[11] (Non-Executive Director and Chair of Saga Personal Finance (**SPF**) Limited)	2023/24	131,000	–	–	–	**131,000**	–	–	**–**	**131,000**
	2022/23	43,948	–	–	–	**43,948**	–	–	**–**	**43,948**
Peter Bazalgette[11] (Senior Independent Director and Nomination Committee Chair)	2023/24	115,500	–	–	–	**115,500**	–	–	**–**	**115,500**
	2022/23	43,389	–	–	–	**43,389**	–	–	**–**	**43,389**
Anand Aithal[11] (Non-Executive Director and Innovation and Enterprise Committee Chair)	2023/24	75,500	–	–	–	**75,500**	–	–	**–**	**75,500**
	2022/23	29,030	–	–	–	**29,030**	–	–	**–**	**29,030**

1 A third of the bonus award is deferred into shares vesting after three years
2 The face value on grant of the RSP awards is shown in the table above as there are no performance conditions other than underpins tested on vesting. The RSP awards vests after three years
3 Mike Hazell became a Director on 9 October 2023 in the role of Group CFO and was appointed as the Group CEO on 28 November 2023
4 Euan Sutherland stepped down as a Director on 28 November 2023
5 Mark Watkins became a Director on 28 November 2023
6 James Quin stepped down as a Director on 9 October 2023
7 Steve Kingshott became a Director on 3 January 2023
8 Eva Eisenschimmel stepped down as a Director on 31 December 2023
9 Julie Hopes held the position of Chair of SPF until 10 January 2023
10 Julie Hopes became the Chair of the Remuneration Committee on 31 December 2023
11 Gemma Godfrey, Peter Bazalgette and Anand Aithal became Directors on 1 September 2022

Annual Report on Remuneration
continued

How we performed in 2023/24

Bonus (audited in conjunction with details on pages 135-136)

The details of the performance conditions and outcomes against the targets for the annual bonus in respect of the 2023/24 financial year are shown in the table below. No discretion was applied to the formulaic outcome.

Saga plc bonus scorecard

Performance condition	Weighting (based on 100% max)	Threshold performance required (£m)	50% Target performance required (£m)	Maximum performance required (£m)	Actual performance (£m)	Annual bonus value for threshold and maximum performance (% of max)	Percentage of maximum performance achieved	Actual annual bonus achieved (% of salary)[12]			
								Mike Hazell[13]	Euan Sutherland	Mark Watkins[14]	James Quin
Underlying Profit Before Tax[15]	55%	33.0	39.4	50.0	40.2[16]	20% 100%	54%	13.7%	37.0%	6.2%	25.7%
Net Debt[15]	15%	675.0	656.3	625.0	637.2	20% 100%	80%	5.5%	15.0%	2.5%	10.4%
Personal objectives	30%					0% 100%		13.8%	23.6%	6.3%	17.2%
Total	100%							33.0%	75.6%	15.0%	53.4%
Total calculated								£197,805	£566,900	£56,194	£242,394
Total payable								**£197,805**	**£566,900**	**£56,194**	**£242,394**

Insurance bonus scorecard

Performance condition	Weighting (based on 100% max)	Threshold performance required (£m)	50% Target performance required (£m)	Maximum performance required (£m)	Actual performance (£m)	Annual bonus value for threshold and maximum performance (% of max)	Percentage of maximum performance achieved	Actual annual bonus achieved (% of salary)[12] Steve Kingshott
Underlying Profit Before Tax[15]	10%	33.0	39.4	50.0	40.2[16]	20% 100%	54%	6.8%
Insurance Underlying Profit Before Tax[15]	45%	52.0	55.0	60.0	44.9[17]	20% 100%	–	–
Net Debt[15]	15%	675.0	656.3	625.0	637.2	20% 100%	80%	15.1%
Personal objectives	30%					0% 100%		23.1%
Total	100%							45.0%
Total calculated								£185,403
Total payable								**£185,403**

12 The annual bonus percentage achieved for each Executive Director is based on their maximum bonus potential and shown as a percentage of annual salary

13 Mike Hazell became a Director on 9 October 2023 and, therefore, the bonus shown is pro-rated for four months, two months as Group CFO (max 125% bonus opportunity for role) and two months as Group CEO (max 150% bonus opportunity for role)

14 Mark Watkins became a Director on 28 November 2023 and, therefore, the bonus shown is pro-rated for two months

15 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

16 Underlying Profit Before Tax, for bonus purposes, is based on the previous International Financial Reporting Standard (**IFRS**) 4 and also includes the losses incurred in the Saga Exceptional, Insight and Spaces businesses, which have been classified below Underlying Profit Before Tax in externally reported numbers

17 Insurance Underlying Profit Before Tax is based on the previous IFRS 4 accounting standard

Individual performance assessment

The Remuneration Committee (the **Committee**) assessed Executive Directors on their individual performance in the year against four universal key objectives including culture and colleagues; Environmental, Social and Governance (**ESG**); customer consent; data and insight; and one personal growth project objective.

Details of the universal strategic objectives for each of the individuals are noted below:

	Weighting (based on 100% max)		20% Threshold performance required	60% Target performance required	100% Maximum performance required	Actual performance	Percentage of maximum performance achieved	Actual annual bonus achieved (% of salary)[18]				
								Mike Hazell[19,20]	Euan Sutherland	Mark Watkins[19,21]	James Quin	Steve Kingshott
Culture and colleagues **Objective** Maintain high levels of colleague engagement in Saga, despite headwinds in Insurance and the reduction of central costs. Measured by engagement score from the colleague survey. **Outcome** Colleague engagement reduced, when compared with previous years, as a result of a significant change programme that streamlined our central operating model.	5%	Saga plc	7.3	7.4	7.6	6.6	–	n/a	–	n/a	–	–
		Insurance	7.1	7.3	7.5	6.5	–	–	–	–	–	–
Data **Objective** Delivery of global digital consent as part of our Group-wide customer consent programme. **Outcome** Customer consent attempt rate for the Group significantly improved year on year, reflecting increases in both Insurance and Cruise as a result of enhanced system configuration and colleague awareness.	5%	Saga plc	72%	79%	83%	89%	100%	n/a	7.5%	n/a	6.3%	–
		Insurance	75%	83%	85%	88%	100%	–	–	–	–	6.3%
Data and insights **Objective** Increasing the strength of the Saga brand using the Saga Voice of The Customer to improve customer experience. Measured by customer tNPS. **Outcome** Customer tNPS experienced a two point reduction, when compared with the prior year, reflecting market-wide increases to Insurance pricing, alongside some resultant call centre pressure.	5%	Saga plc	58	59	60	59	60%	n/a	4.5%	n/a	3.8%	–
		Insurance	59	60	61	58	–	–	–	–	–	–
ESG **Objective** Under the Task Force on Climate-Related Financial Disclosures, each business will evaluate the financial impact that climate change will have on its future performance. **Outcome** In 2023, we completed scenario analysis to assess the resilience of the Group against potential future climate change impacts. We have also developed our ESG strategy, which includes a focus on acting on climate change.	5%	Saga plc						n/a	7.5%	n/a	6.3%	–
		Insurance						–	–	–	–	6.3%
Personal growth project **Outcome** Details of the individual objectives under personal growth projects, and their assessment, are noted overleaf.	10%							13.8%	9.8%	6.3%	8.8%	10.6%
Overall	**30%**							**13.8%**	**29.3%**	**6.3%**	**25%**	**23.1%**

18 The annual bonus percentage achieved for each Executive Director is based on their maximum bonus potential and shown as a percentage of annual salary

19 Due to the short time in their Board roles, both Mike Hazell and Mark Watkins' individual performance is based on the personal growth project only

20 Mike Hazell became a Director on 9 October 2023 and, therefore, the achievement for his individual performance is shown as pro-rated for four months, two months as Group CFO (max 125% bonus opportunity for role) and two months as Group CEO (max 150% bonus opportunity for role)

21 Mark Watkins became a Director on 28 November 2023 and, therefore, the bonus shown is pro-rated for two months

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Details of the individuals' achievements are set out in the tables below.

Personal growth project overview	Committee assessment and basis of achievement for 2023/24
Mike Hazell – Maximum: 10.0% of overall bonus. Achievement: 10.0% of overall bonus	
Introduction to Saga, governance and responsibilities Delivery of 2023/24 financial reporting	• Positive engagement with the business, Board and former Group CEO ensuring a full understanding of Saga's: – strategy; – governance and risk appetite, including the responsibilities at the Group and regulated entities level; – brand, customer and colleague experience; – values, culture and how these are embedded in the Company; and – financial health moving into 2024/25.

Euan Sutherland – Maximum: 10.0% of overall bonus. Achievement: 6.0% of overall bonus	
Ensure financial health of the Group Hand over to new Group CEO	• Relaunch of Saga Money, including two new products and new website within the year. • Launch of Saga Spaces. • Deliver global digital consent programme. • Implement property disposal strategy. • Successful hand over to new Group CEO.

Mark Watkins – Maximum: 10.0% of overall bonus. Achievement: 10.0% of overall bonus	
Introduction to Saga, governance and responsibilities	• Positive engagement with the business, Board and former Group CFO ensuring a full understanding of Saga's: – strategy; – governance and risk appetite, including the responsibilities at the Group and regulated entities level; – brand, customer and customer experience; and – financial health moving into 2024/25. • Delivered the end of year financials for 2023/24.

James Quin – Maximum: 10.0% of overall bonus. Achievement: 7.0% of overall bonus	
Ensure financial health of the Group Hand over to new Group CFO	• Communicated with investors and stakeholders to provide confidence that the Group will emerge from pressures within the year. • Maintained a disciplined approach to our cost base, identifying efficiencies and working towards a leaner central operating model. • Successful hand over to new Group CFO and supported the senior Finance Team through the change in leadership.

Steve Kingshott – Maximum 10.0% of overall bonus. Achievement: 8.5% of overall bonus	
Ensure progress of Insurance transformation programme	• Management of restructure and resulting impacts across Insurance. • Strengthened the Insurance Leadership Team with the recruitment of a Chief Executive Officer of Acromas Insurance Company Limited and CHMC Claims Director. • Stabilised Insurance Broking trading performance, including delivery of cost efficiency targets and navigation of ongoing motor inflation. • Consumer Duty implementation managed successfully.

RSP Scheme interests vesting during the financial year

The following table details the 2020 RSP that vested on 24 June 2023. As set out on page 76 in the Chair's Annual Statement, the Committee applied its discretion to discount the RSP by a further 10% on vesting.

Director	Face value of award (% of salary)	Shares awarded	Value of award at grant (£)	End of performance period	Date of vesting	Proportion of award vesting as percentage of maximum	Number of shares vesting	Value of award vesting (£)
Former Group CEO Euan Sutherland	70%	198,831	490,000	24 June 2023	24 June 2023	90%	178,947	217,600
Former Group CFO James Quin	65%	97,589	240,500	24 June 2023	24 June 2023	90%	87,830	106,801

RSP Scheme interests awarded during the financial year (audited)

On 12 June 2023, the fourth RSP award was granted to the former Group CEO, former Group CFO and CEO of Insurance. Following Mike Hazell's appointment as Group CFO, he was awarded an RSP on 1 November 2023. Details of the awards are set out below.

Director	Award type	Basis of award	Date of grant	Date of vesting	Number of shares granted	Face value per share[22]	Total face value of award (£)
Group CEO Mike Hazell	Nil-cost options	68% of salary	1 November 2023	1 November 2026	210,068	174.8	367,200
Former Group CEO Euan Sutherland	Nil-cost options	80% of salary	12 June 2023	12 June 2026	343,299	174.8	600,088
Former Group CFO James Quin	Nil-cost options	68% of salary	12 June 2023	12 June 2026	176,602	174.8	308,701
CEO of Insurance Steve Kingshott	Nil-cost options	60% of salary	12 June 2023	12 June 2026	141,418	174.8	247,200

Deferred Bonus Plan (DBP)

On 26 May 2023, the deferred element of the executive annual bonus award was granted to the Group CEO and Group CFO. Details of the award are set out below.

Director	Award type	Award (% of salary)	Number of shares granted	Face value per share[22]	Total face value of award (£)	End of deferral period
Former Group CEO Euan Sutherland	Deferred shares	33.30%	115,792	111.0	128,529	28 April 2026
Former Group CFO James Quin	Deferred shares	33.30%	60,073	111.0	66,681	28 April 2026
CEO of Insurance Steve Kingshott	Deferred shares	33.30%	41,015	111.0	45,527	28 April 2026

Saga Transformation Plan (STP)

The table below sets out the percentage of the STP Pool that both the new Group CEO and Group CFO are entitled to; the entitlement of remaining Directors was disclosed in the 2023 report. For the full terms of the STP, refer to the Notice of the 2022 Annual General Meeting (**AGM**), which can be found on our corporate website (www.corporate.saga.co.uk/media/1573/saga-plc-agm_notice_of_meeting.pdf).

Name	Award type	Share of STP Pool	Date of grant	Performance period	Value of award at grant (£)	Minimum level of performance
Group CEO Mike Hazell	Conditional	17.5%	21 December 2023	Five years	–	For performance in line with the Hurdle (i.e. threshold performance), no value will be shared with participants, i.e. participants will only share in the value created where performance exceeds the STP Hurdle
Group CFO Mark Watkins	Conditional	10.5%	21 December 2023	Five years	–	

22 Represents the share price on the day prior to grant

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Directors' share interests (audited)

Executive Directors are required to build up their shareholdings over a reasonable amount of time, which would normally be five years, and then subsequently hold a shareholding equivalent to a percentage of base salary. The following table sets out the equity interests held by the Executive and Non-Executive Directors (including those of their connected persons). If there are any changes to equity interests between the end of the reporting year and the Notice of AGM (**Notice**) (if the Notice is sent more than a month after the year end), we will include an updated position in our Notice.

					Unvested nil-cost options held					
Director	Shareholding requirement (% salary)[23]	Current shareholding (% salary)	Shares counting towards shareholder requirements[24]	Beneficially owned	RSP nil-cost options not subject to continued service	Deferred bonus nil-cost options subject to continued service	Other awards	Vested but unexercised nil-cost options held	Unvested SIP shares not subject to performance conditions	Shareholding requirement met?
Executive Directors										
Mike Hazell	250%	25%	111,336	–	210,068	–	–	–	–	No
Euan Sutherland[25]	250%	103%	563,710	77,598	402,305	318,998	–	195,265	331	No
Mark Watkins	200%	6%	16,679	443	30,205	–	–	–	227	No
James Quin[25]	200%	87%	288,375	–	243,860	165,197	–	134,422	331	No
Steve Kingshott	200%	66%	197,552	–	278,717	93,595	–	–	227	No
Non-Executive Directors[26]										
Roger De Haan[27]	–	–	–	37,217,720	–	–	–	–	–	n/a
Eva Eisenschimmel[28]	–	–	–	4,288	–	–	–	–	–	n/a
Julie Hopes	–	–	–	4,419	–	–	–	–	–	n/a
Gareth Hoskin	–	–	–	19,018	–	–	–	–	–	n/a
Gemma Godfrey	–	–	–	12,438	–	–	–	–	–	n/a
Peter Bazalgette	–	–	–	212,249	–	–	–	–	–	n/a
Anand Aithal	–	–	–	24,500	–	–	–	–	–	n/a

Taxable benefits

The taxable benefits for all Executive Directors are in line with our wider workforce policies. Mike Hazell, Euan Sutherland, Mark Watkins, James Quin and Steve Kingshott receive private medical insurance and a company car.

Pension entitlements

Pension contributions for all Executive Directors are aligned with those of the majority of colleagues (6% of salary). No Executive Director receives an entitlement under a defined benefit plan.

23 Shareholding requirements are those that were in existence throughout the course of the year and at 31 January 2024

24 The number of shares counting towards the shareholding requirement is calculated by summing beneficially owned shares with unvested nil-cost options, which are not subject to performance conditions, on a net of tax basis, as well as any vested but unexercised options on a net of tax basis. The mid-market quotation (**MMQ**) share price of 137.2p at 31 January 2024 has been used for the purpose of calculating the current shareholding (i.e. value of beneficially owned shares and value of/gain on interests over shares) as a percentage of salary. Unvested Long-term Incentive Plan (**LTIP**) shares and options do not count towards satisfaction of the shareholding guidelines

25 Under the Post Cessation Shareholding Requirements (**PCSR**), both Euan Sutherland and James Quin are required, for a period of 24 months from their respective leave dates, to maintain their shareholding requirements. For discretionary awards that are in flight during this period, retained shares must be held in the Saga Nominee account until the end of the 24-month period if the PCSR has not been reached, or until the PCSR has been reached

26 Values have not been calculated for Non-Executive Directors as they are not subject to shareholding requirements

27 The connected persons of Roger De Haan include Allison De Haan who holds 20,750 shares

28 Eva Eisenschimmel stepped down as a Director on 31 December 2023

Payments for loss of office/Payments to past directors (audited)

On 27 September 2023 and 28 November 2023, we announced James Quin and Euan Sutherland would both be stepping down from the Board of Directors from their roles as the Group CFO and Group CEO. The Committee determined that both would be treated as a good leaver under the Policy approved by shareholders at the AGM on 5 July 2022. The full details of the remuneration arrangements for both are outlined below.

Euan Sutherland

- Euan remained a colleague, and received salary, benefits and his pension allowance in line with the Policy until cessation of employment on 31 January 2024 (the **Termination Date**), worth £808,597. £668,622 of this amount is in relation to the 2023/24 financial year.
- From the Termination Date, Euan commenced receipt of monthly payments in lieu of notice comprising salary, pension and benefits for the remainder of his notice period, which commenced on 27 November 2023. The level of salary from 1 May 2024 will be reduced to reflect the salary for his new executive role.
- Subject to the satisfaction of performance measures, and being employed until the Termination Date, a full year bonus award for 2023/24 was awarded. The bonus will be satisfied two thirds cash and one third in deferred shares pursuant to the DBP in line with the Policy as determined by the Committee.
- Awards made to Euan under the DBP on 28 May 2020, under the LTIP on 6 January 2020 and awards under the RSP on 24 June 2020 vested prior to the Termination Date and may be exercised within six months of the Termination Date and will lapse after six months from the Termination Date to the extent not exercised by that time.
- Awards made to Euan under the DBP on 29 April 2021, 28 April 2022, 26 May 2023, and any potential award in 2024, will vest at the normal vesting date and remain subject to the plan rules, including malus and clawback provisions. Awards will be exercisable for six months after vesting.
- Awards made to Euan under the RSP granted on 9 April 2021, 13 July 2022 and 12 June 2023 will be pro-rated to reflect the period from award date to the Termination Date and vest at the normal vesting date subject to the plan rules, including malus and clawback provisions. Awards will be exercisable for six months after vesting and these will be automatically exercised by the Company if they are not exercised by the individual.
- No further RSP awards will be granted to Euan.
- Awards granted under the STP lapsed in full on the Termination Date.
- Under the PCSR, Euan is required for a period of 24 months from his Termination Date, to maintain his shareholding requirement of 250%. For discretionary awards in flight during this period, retained shares must be held in the Saga nominee account until the end of the 24-month period if the PCSR has not been reached, or until the PCSR has been reached as appropriate. As at his Termination Date, Euan had an estimated effective shareholding of c.103% of salary (based on a closing price of £1.372 as at 31 January 2024).

James Quin

- James remains a colleague and receives a salary, benefits and his pension allowance in line with the Policy until cessation of employment on 30 April 2024 (the **Termination Date**) worth £497,697. £342,720 of this amount is in relation to the 2023/24 financial year.
- From the Termination Date, James will commence receipt of monthly payments in lieu of notice comprising salary, pension and benefits for the remainder of his notice period, which commenced on 27 September 2023.
- Subject to the satisfaction of performance measures, and being employed until the Termination Date, a full year bonus award for 2023/24 and a pro rata bonus for 2024/25 will be awarded. These will be subject to approval by the Committee. The bonus (if any) will be satisfied two thirds cash and one third in deferred shares pursuant to the DBP in line with the Policy as determined by the Committee.
- Awards made to James under the DBP on 11 July 2019, 28 May 2020 and 29 April 2021, under the LTIP on 12 August 2019 and awards under the RSP on 24 June 2020 and 9 April 2021 vested prior to the Termination Date and may be exercised within six months of the Termination Date, if not already exercised prior to the Termination Date, and will lapse after six months from the Termination Date to the extent not exercised by that time.
- Awards made to James under the DBP on 28 April 2022, 26 May 2023, and any potential award in 2024 and 2025, will vest at the normal vesting date and remain subject to the plan rules, including malus and clawback provisions. Awards will be exercisable for six months after vesting.
- Awards made to James under the RSP granted on 13 July 2022 and 12 June 2023 will be pro-rated to reflect the period from award date to the Termination Date and vest at the normal vesting date subject to the plan rules, including malus and clawback provisions. Awards will be exercisable for six months after vesting and these will be automatically exercised by the Company if they are not exercised by the individual.
- No further RSP awards will be granted to James.
- Awards granted under the STP will lapse in full on the Termination Date.
- Under the PCSR, James is required for a period of 24 months from his Termination Date to maintain his shareholding requirement of 200%. For discretionary awards in flight during this period, retained shares must be held in the Saga nominee account until the end of the 24-month period if the PCSR has not been reached, or until the PCSR has been reached as appropriate. As at his Termination Date, James had an estimated effective shareholding of c.92% of salary (based on a closing price of £1.372 as at 31 January 2024).

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Pro-ration of RSP awards

	Euan Sutherland						James Quin					
	Face value			Pro-rated amount			Face value			Pro-rated amount		
Award	Number of shares	Value at date of grant (£)	Share price	Number of shares	Value on date Director stepped down (£)	Share price	Number of shares	Value at date of grant (£)	Share price	Number of shares	Value on date Director stepped down (£)	Share price
2021 RSP	184,258	710,500	£3.856	168,903	199,305	£1.18	94,787	365,500	£3.856	n/a[29]	n/a[29]	n/a[29]
2022 RSP	333,000	582,610	£1.748	166,650	196,647	£1.18	171,458	299,710	£1.748	100,017	116,619	£1.166
2023 RSP	343,299	600,088	£1.748	66,752	78,767	£1.18	176,602	308,701	£1.748	49,056	57,199	£1.166

Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as non-executive directors and retain the fees.

Euan Sutherland was a non-executive director of Britvic plc until 18 December 2023 for which he received a fee of £54,879 in 2023/24. James Quin became a non-executive director of Thomas Miller Holdings Limited on 1 January 2024 for which he received a fee of £5,000 in 2023/24. Mike Hazell, Mark Watkins and Steve Kingshott do not hold any external directorships.

Governance of remuneration

Wider workforce

For the Committee to review the wider workforce pay, policies and incentives, reports are regularly considered at Committee meetings, setting out key details of remuneration throughout the Company. Alongside its review of the wider workforce remuneration, the Committee considers the approach applied to the Executive Directors and senior management. In particular, the Committee is focused on ensuring the approach to the remuneration of the Executive Directors and senior management is consistent with that applied to the wider workforce.

The table below summarises some of the key workforce reward elements that are regularly discussed by the Committee:

Bonus	Bonus schemes contain both financial and personal measures. A financial scorecard is used for all colleagues at Saga, linked to their business unit, including Executive Directors. Malus and clawback are in place for the colleagues in our Senior Leadership Team (**SLT**).
Other incentive schemes	Incentive arrangements that are paid more frequently are also operated in our contact centres. These incentive schemes are reviewed regularly to ensure best practice and market alignment. The method of calculation and frequency of payment varies, depending on business area and product.
Base pay	The SLT and Operating Board received an increase of 3% of base pay in February 2023. All colleagues below SLT received an increase of 5% in December 2022, which was brought forward from February 2023, to support colleagues with the rising cost of living.
National living wage	Saga continues to be committed to paying above national living wage for all UK colleagues and, in 2023, tracked above this at the voluntary real living wage.
RSP	RSP awards are granted across senior leadership at Saga. Eligible colleagues received an RSP grant in 2023, ranging from 20% to 50% of salary.
Share Incentive Plan (SIP)	We continue to promote our SIP, so that all colleagues can invest in the Company's success. The plan enables colleagues to purchase shares through payroll.
Pension	Saga operates a single defined contribution Master Trust arrangement with Aviva following the closure of both the defined benefit scheme and the previous defined contribution scheme on 31 October 2021. At 31 January 2024, there were 2,279 colleagues in this scheme.

The Committee Chair engages regularly with the People Committee, gaining regular feedback and outlining executive remuneration. Feedback from this engagement is then shared with the Committee. Find out more in our 2024 Environmental, Social and Governance Report.

29 The 2021 RSP award for James Quin vested prior to the Termination Date

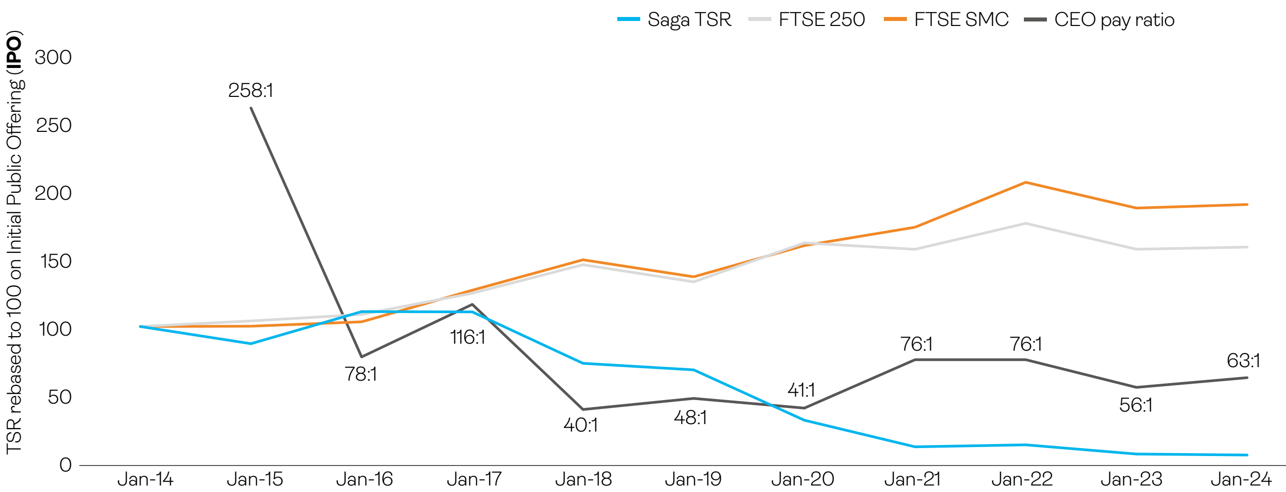
Competitive pay and cascades of incentives

Organisational level	Number of colleagues[30]	Range of bonus (% of salary)	Maximum proportion of bonus payable in cash	Minimum proportion of bonus deferrable in shares	Range of RSP award (% of salary)	SIP
Group CEO	1	150%	67%	33%	80%	Yes
Group CFO	1	125%	67%	33%	68%	Yes
CEO of Insurance	1	125%	67%	33%	60%	Yes
Operating Board	6	100%	67%	33%	40%	Yes
Senior Leadership Team	39	40–80%	100%	–[31]	20–40%	Yes
Senior Management Team	177	10–40%	100%	–	n/a	Yes
Other bonused colleagues	1,516	2.5–7.5%	100%	–	n/a	Yes
Other non-bonused colleagues	1,941	n/a	n/a	n/a	n/a	Yes

Pay comparisons

Group CEO ratio

Our Group CEO to average colleague pay ratio for 2023/24 is 63:1. To give context to this ratio, we have included a chart below which tracks the CEO to average colleague pay ratio since 2014/15 alongside Saga's total shareholder return (**TSR**) performance since the Company was listed in 2014. We also show this against the performance of the FTSE 250 and FTSE SmallCap (**SMC**) during the same time span.



The chart shows the value of £100 invested in the Company's shares since listing compared to both the FTSE 250 and FTSE SMC indices. These indices were chosen as they reflect an index to which the Group has been a constituent since the IPO in 2014. The graph shows the TSR generated by both the movement in share value and the reinvestment over the same period of dividend income. This graph has been calculated in accordance with the Financial Conduct Authority Listing Rules.

It should be noted that the Company listed on 23 May 2014 and, therefore, only has a listed share price for the period of 23 May 2014 to 31 January 2024.

In summary, there has been significant volatility in Group CEO pay, and we believe that this is caused by the factors set out below.

- Our Group CEO's pay is made up of a higher proportion of incentive pay than that of our colleagues, in line with the expectations of our shareholders and accepted market practice for senior executive roles. This introduces a higher degree of variability in pay each year, which in turn, affects the ratio.
- The value of long-term incentives, which measure performance over three years, is disclosed in the year they vest, which increases the Group CEO's pay in that year, again impacting the ratio.
- Long-term incentives are provided in shares, and, therefore, any movement in share price over the three years magnifies the impact of a long-term incentive award vesting.
- We recognise that the ratio is driven by the different structure of pay for our Group CEO versus that of our colleagues, as well as the make-up of our workforce. This ratio varies between businesses in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the Group CEO and wider workforce.

Where the structure of remuneration is similar, as for the Operating Board and the Group CEO, the ratio is much more stable over time.

30 Colleagues as at 31 January 2024
31 Colleagues in the SLT within Insurance also receive one-third of their bonus in deferrable shares

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Colleague and CEO ratios

The table below sets out the total remuneration received by the Group CEO using the methodology applied to the single total figure of remuneration.

Group CEO		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Total single figure (£)	Lance Batchelor	1,600,287	2,490,617	1,025,146[32]	1,191,743	946,353	–	–	–	–
	Euan Sutherland	–	–	–	–	116,535	2,118,471	2,401,273[33]	1,753,093	1,835,610[34]
	Mike Hazell	–	–	–	–	–	–	–	–	223,363[34]
Annual bonus payment level achieved (percentage of maximum opportunity)	Lance Batchelor	78.6%	67.5%	–	35.1%	18.2%	–	–	–	–
	Euan Sutherland	–	–	–	–	66.8%	83.1%	85.4%	35.3%	61.4%
	Mike Hazell	–	–	–	–	–	–	–	–	71.9%
LTIP vesting level achieved (percentage of maximum opportunity)[35]	Lance Batchelor	n/a[36]	65.6%	26.0%	–	–	–	–	–	–
	Euan Sutherland	–	–	–	–	–	n/a[36]	10.0%	n/a[36]	90.0%[37]
	Mike Hazell	–	–	–	–	–	–	–	–	n/a
Ratio of Group CEO single total remuneration figure to all colleagues[38,39]	Option used			Option B[38]	Option B[38]	Option B[38]	Option B[38]	Option B[38]	Option B[38]	Option B[38]
	25th percentile	n/a	n/a	8:1	59:1	46:1	97:1	104:1	66:1	71:1
	Median	78:1	116:1	40:1[40]	48.1[41]	41:1[42]	76:1[43]	76:1[44]	56:1[45]	63:1[46]
	75th percentile	n/a	n/a	33:1	36.1	29:1	55:1	55:1	42:1	41:1
Ratio of single total remuneration figure shown to executive members		2:1	4:1	3:1	3:1	2:1	4:1	3:1	3:1	3:1

The colleague pay figures used to calculate the ratio are as follows:

		25th percentile (£)	Median (£)	75th percentile (£)
2023/24	Salary	23,625	30,000	44,100
	Total pay	28,909	32,829	49,706

32 For 2017/18, the final value of the 2015 LTIP award at vesting date is shown and has been restated from the 2017/18 Annual Report and Accounts. The share price at the vesting date of 30 June 2018 was 125.6p

33 The final value of the 2019 LTIP award had not been confirmed at the time the 2022 Annual Report and Accounts was drafted and, therefore, was not included in the 2021/22 single figure. The final vesting of the 2019 LTIP was confirmed as 10% of maximum and, therefore, the 2021/22 single figure has been restated

34 Mike Hazell was appointed as the Group CEO on 28 November 2023. Euan Sutherland's payments reflect the period until he stepped down as Group CEO on 28 November 2023

35 As disclosed in the 2021 Annual Report and Accounts, in 2020, the LTIP was replaced with an RSP and, therefore, 2023/24 was the first year the RSP vested

36 No LTIP awards were eligible to vest for the Group CEO in post during 2015/16, 2020/21 and 2022/23

37 As noted in the Annual Statement, the 2020 RSP award vesting in June 2023 vested at 90% of maximum with a discretionary 10% reduction applied by the Committee

38 For the colleague ratio, Saga has chosen to use Option B, identifying colleagues using our gender pay gap data. This was the preferred option due to the availability of data for our many UK-based, overseas and part-time colleagues for whom single total figure data is difficult to calculate. Figures have been completed for 2017/18 to 2023/24 using the April gender pay gap data for that year. In order to mitigate any anomalies, 11 individuals have been identified at each percentile point from the gender pay gap data, and the median of pay in the year up to 31 January 2018 to 2024 for these colleagues calculated in line with the single total figure methodology

39 The median ratios shown for 2015/16 and 2016/17 have been recalculated to allow a comparison with the 2017/18 to 2023/24 figures which have been calculated in line with the methodology prescribed by the regulations

40 The fall in ratio in 2017/18 is due to the forfeiture of bonus by the Group CEO and the relatively low payout on the LTIP. This reflects the fact that shareholders want executives to have a higher proportion of pay at risk and this is reflected in the volatility in the chart. The percentage change in Group CEO remuneration set out in the table on page 87 shows that year on year, when the volatility of payouts from equity-based awards is excluded, the changes in remuneration for the Group CEO and average colleague are broadly in line. This demonstrates that the underlying compensation ratio is not increasing year on year

41 The increase in ratio for 2018/19 is due to the Group CEO receiving a bonus in 2018/19. This increase has remained low due to a relatively low bonus and LTIP payout

42 The fall in ratio for 2019/20 is due to the rebalancing of base pay and commission in our contact centres

43 The increase in ratio in 2020/21 is due to the relatively high bonus payout in 2020/21 and RSP award granted to the Group CEO in 2020/21

44 No change in ratio in 2021/22 due to similar payout in bonus

45 The fall in ratio in 2022/23 was due to the lower bonus payout

46 The increase in ratio in 2023/24 is due to the relatively high bonus payout

Annual percentage change in remuneration of Directors and other colleagues

The following table sets out the change in the remuneration paid to each Director from 2019/20 to 2023/24, compared with the average percentage change for other colleagues.

The percentage change for each Director's remuneration in the table below is based on the figures in the single total figure table on page 77. Average colleague pay has been calculated using the following elements:

- **Annual salary:** base salary and standard monthly allowances.
- **Taxable benefits:** car allowance and private medical insurance premiums.
- **Annual bonus:** Company bonus, management bonus, commission and incentive payments.

	% increase/(decrease) in remuneration in 2020/21 compared with previous year (2019/20)			% increase/(decrease) in remuneration in 2021/22 compared with previous year (2020/21)			% increase/(decrease) in remuneration in 2022/23 compared with previous year (2021/22)			% increase/(decrease) in remuneration in 2023/24 compared with previous year (2022/23)		
	Salary/ fees	Taxable benefits	Annual bonus	Salary/ fees	Taxable benefits	Annual bonus	Salary/ fees	Taxable	Annual bonus	Salary/ fees	Taxable	Annual bonus
Mike Hazell[47]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Euan Sutherland	–	9.3%	25.2%	1.5%	(5.5%)[48]	4.3%	2.5%	0.4%	(52.2%)	3.0%	4.0%	73.4%
Mark Watkins[49]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
James Quin	1.2%	(48.9%)[50]	48.7%	14.8%	4.7%	1.4%	2.5%	0.4%	(57.0%)	3.0%	25.0%[50]	75.7%
Steve Kingshott[51]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.0%	0.3%	10.9%
Roger De Haan[52]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Eva Eisenschimmel	15.7%[53]	n/a	n/a	–	n/a	n/a	–	n/a	n/a	2.5%	n/a	n/a
Julie Hopes	41.7%[54]	n/a	n/a	(1.0%)[54]	n/a	n/a	(0.8%)[54]	n/a	n/a	(19.0%)[54]	n/a	n/a
Gareth Hoskin	9.3%[55]	n/a	n/a	2.9%[55]	n/a	n/a	–	n/a	n/a	2.7%	n/a	n/a
Gemma Godfrey[56]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	24.2%[57]	n/a	n/a
Peter Bazalgette[56]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10.9%[58]	n/a	n/a
Anand Aithal[56]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.4%[59]	n/a	n/a
Average per colleague	3.2%[60]	2.7%	67.8%	4.1%[60]	6.6%	5.4%	13.3%[60]	3.6%	(49.9%)	4.6%[60]	2.5%	58.2%

Relative importance of the spend on pay

The table below sets out the relative importance of spend on pay in the 2023/24 and 2022/23 financial years, compared with other disbursements. All figures provided are taken from the relevant Company accounts.

	Disbursements from profit in 2023/24 financial year (£m)	Disbursements from profit in 2022/23 financial year (£m)	Percentage change
Profit distributed by way of dividend	–	–	–
Total tax contributions[61]	24.1	26.6	(9.4%)
Overall spend on pay, including Executive Directors	161.6	132.0	22.4%

47 No comparison for Mike Hazell due to him becoming a Director on 9 October 2023

48 The decrease in taxable benefits for Euan Sutherland in 2021/22 was due to his move to a reduced cost electric vehicle for which he also paid a capital contribution

49 No comparison for Mark Watkins due to him becoming a Director on 28 November 2023

50 The decrease in taxable benefits for James Quin in 2020/21 was due to his move to a reduced cost electric vehicle. The increase in taxable benefits in 2023/24 is due to a move to a new company car

51 Steve Kingshott became a Director on 3 January 2023

52 Roger De Haan has waived his fee since becoming Chairman in 2020

53 The increase in fees for Eva Eisenschimmel in 2020/21 was due to her becoming Chair of the Remuneration Committee on 1 February 2020

54 The increase in fees for Julie Hopes in 2020/21 was due to her becoming Chair of the SPF Board on 1 February 2020 and assuming the position of Risk Committee Chair on 31 December 2020. The decrease in fees in 2021/22 was due to the reduction in the fee for the Chair of SPF role on 1 January 2021 following a review of the role. The decrease in fees in 2022/23 and 2023/24 is due to her stepping down from the role as Chair of SPF on 10 January 2023. She also assumed the position of Remuneration Chair on 31 December 2023

55 The increase in fees for Gareth Hoskin in 2020/21 and 2021/22 was due to him becoming Chair of the Audit Committee on 22 June 2020

56 No comparison for Gemma Godfrey, Peter Bazalgette and Anand Aithal prior to 2022/23 due to them joining in September 2022

57 The increase in fees for Gemma Godfrey in 2023/24 is due to her becoming Chair of SPF on 10 January 2023

58 The increase in fees for Peter Bazalgette in 2023/24 is due to him becoming Senior Independent Director and Chair of the Nomination Committee on 30 September 2022

59 The increase in fees for Anand Aithal in 2023/24 is due to him becoming Chair of the Innovation and Enterprise Committee on 1 November 2022

60 The average salary per colleague increased in 2020/21 and 2021/22 due to a combination of the annual salary increase, Company restructuring, which altered our colleague base, and the impacts of the COVID-19 pandemic. The increase in salary 2022/23 was due to a combination of two pay increases for the wider workforce and further investment in base pay. The increase in salary in 2023/24 is a result of Company restructuring, which altered our colleague base, and an uplift in the entry salary within our contact centres

61 Total tax contributions include corporation tax, national insurance contributions, VAT and air passenger duty

Annual Report on Remuneration
continued

The Policy and its implementation

The current Policy was approved by shareholders at the AGM held on 5 July 2022 and is available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

The below table sets out a summary of the key elements of the Policy along with their operation in 2023/24 and proposed operation in 2024/25. Note that the Policy operated as intended in 2023/24.

Policy element	Summary of the Policy	Operation in 2023/24	Proposed operation in 2024/25
Base salary Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy.	Salaries are set on appointment and reviewed annually. When determining an appropriate level of salary, the Committee considers: • pay increases to other colleagues; • remuneration practices within the Group; • any change in scope, role or responsibilities; • the general performance of the Group and each individual; • the experience of the relevant Director; and • the economic environment.	Executive Directors received a 3.0% increase in salary in February 2023, a lower increase than the 5.0% awarded to the wider workforce, which was brought forward to December 2022 as part of the cost of living support. As a result, the salaries for the Executive Directors were: • Euan Sutherland: £750,110 • James Quin: £453,973 • Steve Kingshott: £412,000 Both Mike Hazell and Mark Watkins joined after this date, with salaries set as below: • Mike Hazell: £600,000 • Mark Watkins £375,000	Executive Directors did not receive any increase in salary in February 2024. The average increase awarded to the broader colleague group was 4.0%. As a result, the salaries for the Executive Directors are: • Mike Hazell: £600,000 • Mark Watkins: £375,000 • Steve Kingshott: £412,000
Benefits Provides a market-standard level of benefits.	Benefits may include family private health cover, death in service life assurance, a car allowance, subsistence expenses and discounts in line with other colleagues.	Standard benefits provided.	No change.
Pension Provides a fair level of pension provision for all colleagues.	Pension contributions/payments in lieu for Executive Directors are aligned with those of the majority of colleagues (6% of salary). However, colleagues can opt to increase their contribution to a maximum of 10%, which the Company will match. This does not apply to Executive Directors.	All Executive Directors received 6% of salary.	No change.

Policy element	Summary of the Policy	Operation in 2023/24	Proposed operation in 2024/25
Bonus The Annual Bonus Plan provides a significant incentive to the Executive Directors, linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders. In particular, the Annual Bonus Plan supports the Company's objectives, allowing the setting of annual targets based on the business' strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant.	Awards are granted annually with performance measured over one financial year. The Committee will determine the maximum participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary. 70% of awards will be linked to financial measures. Specific measures, targets and weightings may vary from year to year. At least one-third of the bonus will be deferred into shares vesting after three years. Payout range is as follows (% of maximum payout): - Threshold: up to 20% - Target: 50% - Maximum: 100% Malus and clawback arrangements apply. Good/bad leaver provisions apply.	Maximum bonus opportunities were: - Mike Hazell: 150% of salary - Euan Sutherland: 150% of salary - Mark Watkins: 125% of salary - James Quin: 125% of salary - Steve Kingshott: 125% of salary Performance measures and weightings for the bonus for Mike, Euan, Mark and James were as follows: - Underlying Profit Before Tax[62]: 55% - Net Debt[62]: 15% - Personal objectives: 30% Performance measures and weightings for the bonus for Steve were as follows: - Underlying Profit Before Tax[62]: 10% - Net Debt[62]: 15% - Insurance Underlying Profit Before Tax[62]: 45% - Personal objectives: 30%	The maximum opportunities for Executive Directors are unchanged and are as follows: - Mike Hazell: 150% of salary - Mark Watkins: 125% of salary - Steve Kingshott: 125% of salary The current intention is to set performance measures and weightings for the 2024/25 bonus as follows: - Underlying Profit Before Tax[62]: 55% (for Steve Kingshott this will be split as 27.5% Underlying Profit Before Tax[62] and 27.5% Insurance Underlying Profit Before Tax[62]) - Net Debt[62]: 15% - Personal objectives: 30% The Committee is of the view that targets for the 2024/25 annual bonus are currently commercially sensitive and these targets will be disclosed retrospectively in the 2025 Directors' Remuneration Report.
RSP Awards are designed to incentivise the Executive Directors over the longer term to successfully implement the Company's strategy.	Awards of nil-cost options are granted annually up to a maximum of 100% of salary. RSP awards do not have any performance conditions but are subject to an underpin on vesting. Awards vest after three years and are subject to a further two-year holding period, during which time shares may not be sold other than for tax.	The RSP awards were made at reduced levels following the announcement of the STP: - Mike Hazell: 68% of salary (awarded for Group CFO role) - Euan Sutherland: 80% of salary - James Quin: 68% of salary - Steve Kingshott: 60% of salary No award for Mark Watkins who was appointed as Group CFO after the 2023/24 RSP awards. The Committee will review share price performance on vesting to determine whether any windfall gains were made.	To remain at reduced levels during the STP. Awards set at: - Mike Hazell: 80% of salary - Mark Watkins: 68% of salary - Steve Kingshott: 60% of salary
Shareholding requirement To ensure Executive Directors' interests are aligned with shareholders over the long term.	The Committee sets formal shareholding guidelines that will encourage the Executive Directors to build up over a five-year period, and then subsequently hold, a shareholding equivalent to a percentage of salary.	- Mike Hazell: 250% of salary - Euan Sutherland: 250% of salary - Mark Watkins: 200% of salary - James Quin: 200% of salary - Steve Kingshott: 200% of salary	No change.
All-colleague share plan The Company operates an HM Revenue and Customs SIP.	Shares that are kept in the plan for five years will be exempt from income tax and National Insurance on their value.	Saga continued to operate the SIP for all colleagues in 2023/24.	No change.
Chairman and Non-Executive Director fees Monetary incentives for the Chairman and Non-Executive Directors	The fees for Non-Executive Directors are set at broadly the median of the comparator group. In general, the level of fee increase for the Non-Executive Directors will be set, taking account of any change in responsibility and considering the general rise in salaries across the UK workforce.	Fees for 2023/24 were as follows (Roger De Haan waived his fee for 2023): - Roger De Haan: Nil - Board member fee: £65,500 - Committee Chair fee: £10,000 - Senior Independent Director fee: £40,000	No change.

62 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Annual Report on Remuneration
continued

Advisers to the Committee

Following a selection process carried out by the Board prior to the IPO of the Company, the Committee engaged the services of PricewaterhouseCoopers (**PwC**) as independent remuneration advisers.

During the financial year, PwC advised the Committee on all aspects of the Policy for Executive Directors and members of the Operating Board.

PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Other PwC teams provide certain non-audit services to the Company in areas of tax and consulting. The Committee is satisfied that no conflicts of interest exist in the provision of these services and that the advice provided is independent and objective. Fees of £99,173 (2022/23: £112,316) were provided to PwC during the year in respect of remuneration advice received.

The Committee receives support from the Chief People Officer (**CPO**) and Group Company Secretary.

Shareholder voting

The current Policy was approved by shareholders at the AGM held on 5 July 2022. Outlined below are the voting outcomes for this, and in respect of, approving the Directors' Remuneration Report at the AGM on 22 July 2023.

Resolution	AGM date	Votes for	% of votes cast	Votes against	% of votes cast	Votes cast	% of issued share capital voted	Votes withheld
To approve the Directors' Remuneration Report	20 June 2023	57,255,601	81.75%	12,782,808	18.25%	70,232,539	50.04%	194,130
To approve the Directors' Remuneration Policy	5 July 2022	58,132,761	79.74%	14,770,336	20.26%	72,982,813	52.01%	79,686

Service contracts and letters of appointment

The Committee's policy for setting notice periods is that normally they will be a maximum of 12 months. The Committee may, in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to 12 months following the first year of employment. The Non-Executive Directors of the Company do not have service contracts and are appointed by letters of appointment. Each independent Non-Executive Director's term of office runs for a three-year period.

The Company follows the UK Corporate Governance Code 2018 (the **Code**) recommendation that all Directors be subject to annual re-appointment by shareholders.

Executive Director

			Notice periods		
Name	Date appointed	Nature of contract	From Company	From Director	Compensation provisions for early termination
Mike Hazell	9 October 2023	Rolling	12 months	12 months	None
Mark Watkins	28 November 2023	Rolling	12 months	12 months	None
Steve Kingshott	3 January 2023	Rolling	12 months	12 months	None

Non-Executive Director

Name	Original appointment	Appointment of current term	Arrangement	Notice period/ unexpired term at AGM
Julie Hopes	1 October 2018	1 October 2021	Letter of appointment	3 months/ 3 months
Gareth Hoskin	11 March 2019	11 March 2022	Letter of appointment	3 months/ 8 months
Gemma Godfrey	1 September 2022	1 September 2022	Letter of appointment	3 months/ 14 months
Peter Bazalgette	1 September 2022	1 September 2022	Letter of appointment	3 months/ 14 months
Anand Aithal	1 September 2022	1 September 2022	Letter of appointment	3 months/ 14 months

Executive Directors may accept appropriate outside non-executive director appointments or other significant appointments, subject to approval by the Board, provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services.

Consideration of employment conditions elsewhere in the Group

Each year, prior to reviewing the remuneration of the Executive Directors and the members of the Operating Board, the Committee considers a report prepared by the CPO, detailing base pay and share scheme practices across the Company. The report provides an overview of how colleague pay compares with the market, alongside any material changes during the year, and includes detailed analysis of basic pay and variable pay changes within the UK.

While the Company does not directly consult with colleagues as part of the process of reviewing executive pay and formulating the Policy, the Company engages with colleagues via its People Committee, where the approach to Executive remuneration is also discussed. The Chair of the Remuneration Committee is the Non-Executive Director nominated as People Champion. In addition, the Committee receives an update and feedback from the broader colleague population on an annual basis using an engagement survey which includes a number of questions relating to remuneration. The Company does not use remuneration comparison measurements.

The Group aims to provide a remuneration package for all colleagues that is market competitive and operates the same core structure as for the Executive Directors. The Group operates colleague share and variable pay plans, with pension provisions provided for all Executive Directors and colleagues. In addition, a proportion of the STP Pool is also reserved for all colleagues. Any salary increases for Executive Directors are expected to be generally in line with those for UK-based colleagues.

Consideration of shareholder views

The Committee takes the views of the shareholders seriously and these are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee welcomes an open dialogue with its shareholders on all aspects of remuneration. The Committee consulted its major shareholders and the main shareholder representative bodies prior to proposing the Policy. The Committee is grateful for the time taken to consider the Committee proposals and provide feedback. At the end of the consultation, the majority of shareholders consulted indicated they were supportive of the Policy.

Compliance with the Code

The following table sets out how the Policy aligns with the Code whose objective is to ensure the remuneration operated by the Company is aligned with all stakeholder interests, including those of shareholders:

Key remuneration element of the Code	Alignment with the Policy
Five-year period between the date of grant and realisation for equity incentives	The RSP and STP meet this requirement through the implementation of the three-year vesting and two-year holding period for the RSP and five-year vesting period for the STP.
Phased release of equity awards	The RSP meets this requirement as awards are made in an annual cycle. The STP has a phased release in years five, six and seven.
Discretion to override formulaic outcomes	Included in the terms and conditions of the Annual Bonus Plan, the RSP and the STP.
Post-cessation shareholding requirement	The full in-employment requirement for two years following cessation of employment.
Pension alignment	The pension contribution for all Executive Directors is aligned with the majority of colleagues, at 6%. However, colleagues can opt to increase their contribution to a maximum of 10%, which the Company will match. This does not apply to Executive Directors.
Extended malus and clawback	The malus and clawback provisions align with the Financial Reporting Council's Board Effectiveness Guidance.

As part of its review of the proposed Policy and remuneration practices, the Committee has considered the factors set out in Provision 40 of the Code. In the Committee's view, the Policy addresses those factors.

Julie Hopes
Chair, Remuneration Committee
16 April 2024

This report has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, 2018 and 2019, the Provisions of the current Code and the Listing Rules.

Directors' Report

Management Report

The Directors' Report, together with the Strategic Report set out on pages 1-52, form the Management Report for the purposes of Disclosure Guidance and Transparency Rule (**DTR**) 4.1.5 R (the **Management Report**).

Statutory information contained elsewhere in the Annual Report

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report and Accounts as indicated in the table below and is incorporated into this report by reference.

Information	Location in Annual Report and Accounts
Likely future developments in the business of the Company or its subsidiaries	Pages 1-52
Environmental, Social and Governance, including Task Force on Climate-Related Financial Disclosures	Pages 37-43
Greenhouse gas emissions	Pages 42-43
Suppliers, customers and others in a business relationship engagement	Pages 16-17
Colleagues (employment of disabled persons, workforce engagement and policies)	Pages 43, 51
Corporate Governance Statement	Pages 53-73
Directors' details (including changes made during the year)	Pages 54, 56-57 and 63-66
Related-party transactions	Not applicable
Diversity	Pages 43, 63 and 66
Board and executive diversity targets	Pages 43, 63 and 66
Share capital	Note 33 on page 174
Employee share schemes (including long-term incentive schemes)	Note 36 on pages 175-177
Financial instruments: information on the Group's financial instruments and risk management objectives and policies, including our policy for hedging	Notes 2, 3, 7, 8, 19 and 20 on pages 110-134, 135 and 148-159
Statements of responsibilities	Page 95
Additional information	Pages 187-192

Disclosure table pursuant to Listing Rule (LR) 9.8.4C

The following table provides references to where the information required by LR 9.8.4C R is disclosed:

Listing Rule	Listing Rule requirement	Disclosure
9.8.4(1)	Interest capitalised by the Group and any related tax relief	Note 17 on pages 145-146
9.8.4(2)	Unaudited financial information (LR 9.2.18 R)	Group Chief Financial Officer's Review, pages 18-36
9.8.4(4)	Long-term incentive schemes (LR 9.4.3 R)	Directors' Remuneration Report, pages 74-91
9.8.4(5)	Directors' waivers of emoluments	Directors' Remuneration Report, pages 74-91
9.8.4(6)	Directors' waivers of future emoluments	Directors' Remuneration Report, pages 74-91
9.8.4(7)	Non-pre-emptive issues of equity for cash	Directors' Report on page 94
9.8.4(8)	Non-pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking	Not applicable
9.8.4(9)	Parent company participation in a placing by a listed subsidiary	Not applicable
9.8.4(10)	Contract of significance in which a Director is, or was, materially interested	Directors' Report on page 93 and Note 2.1 on page 110
9.8.4(11)	Contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder	Not applicable
9.8.4(12)	Waiver of dividends by a shareholder	Directors' Report on page 94 (under paragraph 'Rights attaching to shares')
9.8.4(13)	Waiver of future dividends by a shareholder	Directors' Report on page 94 (under paragraph 'Rights attaching to shares')
9.8.4(14)	Board statement in respect of relationship agreement with a controlling shareholder	Not applicable. See Directors' Report on page 93 (under 'Relationship agreement with Director shareholder')

Results and dividends

The Group made a loss after taxation of £113.0m for the financial year ended 31 January 2024. The Board did not pay an interim dividend. The Board of Directors is not in a position to recommend the payment of a final dividend for the 2023/24 financial year.

The Directors intend to resume dividend payments in the future, when further progress has been made with deleveraging and when current limitations, particularly in relation to ship debt, have been removed.

Any decision to declare and pay dividends is made at the discretion of the Directors and depends on, among other things, applicable law, regulation, restrictions, the Group's financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

Political donations

No political donations were made during the year.

Directors' interests

A list of the Directors, their interests in the long-term performance share plan, contracts and ordinary share capital of the Company are given in the Directors' Remuneration Report on pages 74-91.

Agreements with Director shareholder

The Board confirms that, in accordance with the Listing Rules, there are no controlling shareholders in the Company. However, the Company entered into a relationship agreement with Roger De Haan on 10 September 2020 (the **Relationship Agreement**) as Roger De Haan directly holds 37,196,970 shares of 15p each[1] (constituting 26.2% of issued share capital as of 31 January 2024). The Relationship Agreement regulates the relationship between the Company and Roger De Haan and contains undertakings that transactions and arrangements will be conducted on an arm's-length basis and on normal commercial terms. It also provides that dilutions caused by new issuances of shares shall be disregarded when determining investor rights under its terms.

The Group entered into an unsecured loan facility with Roger De Haan on 3 April 2023 and an amendment was agreed on 26 September 2023. This was provided on an arm's length basis and on normal commercial terms. On 8 February 2024, Roger De Haan and the Company agreed to amend the terms of the facility to remove the prohibition on lease and hire purchase agreements. Subsequent to the financial year end, a further extension to the maturity date of the facility was agreed, to 30 April 2026.

Rules on appointment and replacement of Directors

A Director may be appointed by ordinary resolution of the shareholders in a general meeting following nomination by the Board or a member (or members) entitled to vote at such a meeting. In addition, the Directors may appoint a Director to fill a vacancy, or as an additional Director, provided that the individual retires at the next Annual General Meeting (**AGM**). A Director may be removed by the Company in certain circumstances set out in the Company's Articles of Association or by an ordinary resolution of the Company. The Relationship Agreement between the Company and Roger De Haan provides for the nomination for appointment (and removal or re-nomination) to the Board of one Non-Executive Director for as long as he holds at least the higher of:

- 10% or more of the issued ordinary share capital of the Company; and
- the percentage of the issued ordinary share capital of the Company, represented by 60% of the investor's holding of ordinary shares immediately following the capital raise, which took place in October 2020.

All Directors will seek re-election (or election) at the AGM in accordance with the Company's Articles of Association and the recommendations of the UK Corporate Governance Code 2018.

Directors' indemnities

At the date of this report, indemnities are in force, under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries. No amount was paid under any of these indemnities during the year. Directors' and officers' liability insurance is in place at the date of this report, at an amount which the Board considers adequate. This is subject to annual review.

Change of control – significant agreements

There are some arrangements which give rights to third parties to terminate agreements upon a change of control of the Company, including following a takeover; for example, commercial contracts and insurance distribution agreements. Details of such arrangements are captured as part of the contractual governance process.

The Group's corporate debt is unsecured and in place for general purposes. It consists of a £150.0m seven-year public listed bond at 3.375%, due to expire in May 2024, and a £250.0m five-year public listed bond at 5.50%, due to expire in July 2026. The Group also has two liquidity facilities, being a £50.0m Revolving Credit Facility, expiring in May 2025, and an £85.0m loan facility with Roger De Haan, expiring in April 2026.

Export Credit Agency-backed funding is in place over 12 years to finance 80% of the cost of the Group's two ocean cruise ships at a fixed interest rate. The first of these facilities was drawn on completion of the build of Spirit of Discovery and is secured by way of a charge over the asset. The second facility was drawn on completion of the build of Spirit of Adventure and is also secured by way of a charge over the asset. The Company has provided a guarantee for this ship debt.

In the event of a change of control, the facilities would either require repayment or renegotiation. If the ship financing is terminated, significant break fees may be incurred. Further details on banking facilities are shown in Note 30 to the consolidated financial statements on pages 170-172.

The rules of the Company's colleague share plans generally provide for the accelerated vesting and/or release of share awards in the event of a change of control of the Company.

The Company does not have any agreements with colleagues, including Directors, which would pay compensation in the event of a change of control.

Conflict of interest

Each Director is obliged to disclose any potential, or actual, conflict of interest in accordance with the Company's Conflict of Interest Policy. The policy is subject to review and declarations are made on an annual basis. Directors are also required to update any changes to declarations as they occur. Internal controls are in place to ensure that any related-party transactions are conducted on an arm's-length basis. Roger De Haan did not participate in discussions in relation to his loan facility agreement.

Share capital and interests in voting rights

The Company's share capital, including movements during the year, is set out on page 174. At the date of this report, the Company's issued share capital comprised a single class of share capital which is divided into ordinary shares of 15p each. At 31 January 2024, 141,795,822 ordinary shares of 15p each had been issued, fully paid up and quoted on the London Stock Exchange (**LSE**).

In accordance with DTR 5.1, the Company must disclose where it has been notified of the interests in the Company's total voting rights. The obligation to notify sits with the shareholder, and the Company must report on the notifications received, between the end of the reporting year and a date not more than one month prior to the date of the notice of AGM. If the date of signing of the Annual Report and Accounts is prior to this, we will include an updated position in our AGM Notice (**Notice**).

Since the date of disclosure to the Company, the interest of any person may have increased or decreased. There is no requirement to notify the Company of any increase or decrease unless the holding passes a notifiable threshold in accordance with DTR 5.1.

1 This shareholding represents shares directly held by Roger De Haan. His shareholding including that of his connected persons, is set on page 82 of the Directors' Remuneration Report

Information regarding other interests in voting rights provided to the Company, pursuant to the Financial Conduct Authority DTRs, is published on the Company's corporate website and via a Regulatory Information Service.

The Company has not been notified of any interests in the Company's total voting rights between 31 January 2024 and the date of signing the Annual Report and Accounts. During the year, the following notifications were received:

Name	Ordinary shares of 15p each	Percentage of capital as disclosed to the Company	Nature of holding
Eldose Babu[2]	10,000,001	7.05%	Direct
Norges Bank	3,865,037	2.75%	Direct (1.08%) Indirect (1.68%)

Authority to allot/purchase own shares

A shareholders' resolution was passed at the AGM on 20 June 2023, authorising the Company to make market purchases within the meaning of Section 693(4) of the Companies Act 2006 (the **Act**) (up to £2,105,059, representing 10% of the aggregate nominal share capital of the Company following admission). This is subject to a minimum price of 15p and a maximum price of the higher of 105% of the average mid-market quotations for five business days prior to purchase or the price of the last individual trade and highest current individual bid as derived from the LSE trading system.

The Company did not exercise this authority during the year, and it will expire at the forthcoming AGM. A special resolution to authorise the Company to make market purchases representing 10% of current nominal share capital will be proposed at the 2024 AGM.

The Directors of the Company were also granted authority at the 2023 AGM to allot relevant securities up to a nominal amount of £7,009,847. This authority was not exercised during the year. This authority will apply until the conclusion of the 2024 AGM, at which shareholders will be asked to grant the Directors authority (for the purposes of Section 551 of the Act) to allot relevant securities:

- up to an aggregate nominal amount of 33.3% of the Company's issued ordinary share capital; and
- comprising equity securities (as defined in the Act) up to an aggregate nominal amount of 66.6% of the Company's issued ordinary share capital (after deducting from such limit any relevant securities issued under (i) in connection with a rights issue).

These amounts will apply until the conclusion of the 2024 AGM, or, if earlier, 31 July 2024.

Special resolutions will also be proposed to give the Directors authority to make non-pre-emptive issues wholly for cash in connection with rights issues and otherwise up to an aggregate nominal amount of 10% of the Company's issued ordinary share capital and to make non-pre-emptive issues wholly for cash in connection with acquisitions or specified capital investments up to an aggregate amount of 10% of the Company's issued ordinary share capital. This is consistent with the Pre-Emption Group's published Statement of Principles.

Rights attaching to shares

The Company has a single class of ordinary shares in issue. The rights attached to the shares are governed by applicable law and the Company's Articles of Association, which are available on our corporate website (www.corporate.saga.co.uk/about-us/governance).

Ordinary shareholders have the right to receive notice, attend and vote at general meetings; and to receive a copy of the Company's Annual Report and Accounts and a dividend when approved and paid. On a show of hands, each shareholder present in person, or by proxy (or an authorised representative of a corporate shareholder), shall have one vote. In the event of a poll, one vote is attached to each share held. No shareholder owns shares with special rights as to control. The Notice will state the deadlines for exercising voting rights and for appointing a proxy or proxies.

The Saga Employee Benefit Trust (the **Trust**) is an Employee Benefit Trust which holds property (the **Trust Fund**) including inter-alia money, and ordinary shares in the Company, in trust in favour or for the benefit of colleagues of the Saga Group. The Trustee of the Trust has the power to exercise the rights and powers incidental to, and to act in relation to, the Trust Fund in such manner as the Trustee, in its absolute discretion, thinks fit. The Trustee has waived its rights to dividends on ordinary shares held by the Trust. Details of employee share schemes are set out in Note 36 to the consolidated financial statements.

Restrictions on the transfer of shares

The Company is not aware of any agreement that would result in a restriction on the transfer of shares or voting rights.

Articles of Association

Any amendment to the Company's Articles of Association may only be made by passing a special resolution of the shareholders of the Company. The Company last approved its Articles of Association by special resolution at the AGM held on 14 June 2021.

Research and development

The Group does not undertake any material activities in the field of research and development.

Branches outside the UK

The Company does not have any branches outside the UK.

Post-balance sheet events

Since 31 January 2024, the Group agreed a further extension to the termination date of the loan facility with Roger De Haan, from 31 December 2025 to 30 April 2026, details of which are set out in Notes 30 and 40 on pages 170-172 and 180, and agreed a reduction in the notice period to support liquidity needs to 10 business days.

Auditor

KPMG LLP has confirmed its willingness to continue in office as auditor of the Company and resolutions for its re-appointment, and for the Audit Committee to determine its remuneration, will be proposed at the forthcoming AGM.

Annual General Meeting

The AGM will be held on 25 June at 11.00am at the offices of Numis Securities Limited, 45 Gresham Street, London EC2V 7BF. The Notice will be available on our corporate website (www.corporate.saga.co.uk) in due course.

By order of the Board

Victoria Haynes
Group Company Secretary
16 April 2024
Saga plc (Company no. 08804263)

2 This disclosure relating to Eldose Babu is the latest disclosure announced on 15 January 2024. Additional disclosures were announced on 21 December 2023, 8 December 2023, 20 November 2023 and 17 October 2023

Statements of responsibilities

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, and the Group and parent company financial statements, in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 (the **Act**) and have elected to prepare the parent company financial statements in accordance with UK accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group, and parent company, and of their profit or loss for that period (see Governance statements on page 53). In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group, and parent company's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group, or the parent company, or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show, and explain, the parent company's transactions and disclose, with reasonable accuracy, at any time, the financial position of the parent company and enable them to ensure that its financial statements comply with the Act. They are also responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

Disclosure of information to the auditor

Having made the requisite enquiries, so far as each of the Directors is aware, there is no relevant audit information (as defined by Section 418(3) of the Act) of which the Company's auditor is unaware and the Directors have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to ensure that the Company's auditor is aware of that information.

Maintenance of website and single electronic reporting

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the Transparency Directive European Single Electronic Format (**ESEF**) regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Directors' responsibility statement

Each of the Directors who were in office at the date of this report, whose names and responsibilities are listed on pages 56-57, confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Management Report includes a fair review of the development and performance of the business and the position of the issuer, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Victoria Haynes
Group Company Secretary
16 April 2024
Saga plc (Company no. 08804263)

Independent Auditor's Report to the Members of Saga plc

1 Our opinion is unmodified

We have audited the financial statements of Saga plc ("the Company") for the year ended 31 January 2024 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity and Consolidated statement of cash flows, the Company Balance sheet, Company Statement of changes in Equity, and the related notes, including the accounting policies in note 2 to the financial statements and note 1 to the Company financial statements.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 2024 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 22 June 2017. The period of total uninterrupted engagement is for the seven financial years ended 31 January 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole		£5.6m (2023: £4.8m) 0.76% of 2024 revenue (2023: 0.85% of revenue)
Coverage		97% (2023: 96%) of total revenues
Key audit matter		**vs 2023**
Recurring risks	Going concern	◀▶
	Recoverability of goodwill	◀▶
	Valuation of the liability and reinsurance for incurred claims	◀▶
	Recoverability of the parent Company's investment in subsidiaries	◀▶

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a key audit matter and is described in section 2 of our report. We summarise below the key audit matters (unchanged from 2023 other than the exclusion of 'recoverability of the carrying value of cruise ships' and key audit matter 'Valuation of the liability and reinsurance for incurred claims' which was previously 'Valuation of claims outstanding – IBNR (gross and net)' has been updated this year to reflect the impact from the adoption of IFRS 17), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Area	The risk	Our response
Going concern *See note 2.1 to the Group financial statements* *Refer to pages 67 - 70 (Audit Committee Report)*	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least 15 months from the date of approval of the financial statements.	We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's and Company's financial forecasts, taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: **Funding assessment:** - We agreed the Group's and Company's committed level of financing, the availability of facilities and related covenant requirements to signed agreements including covenant waivers; - We critically evaluated management's assessment of compliance with debt covenants and sources of funding for repayment of the bonds. We assessed the ability of the Group and Company to meet the terms including repayment timelines and financial covenants within severe but plausible downside scenarios; and

Area	The risk	Our response
	The risks most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were: - The ability of the Group to refinance debt and facilities after maturity of £150 million bonds ('bonds') in May 2024 and the expiry of an existing revolving credit facility in May 2025; - Further unexpected downturn in performance of the Insurance Broking business due to worsening competitive market pressures; - High costs and claims inflation having an adverse impact on Insurance Underwriting margins; - The inability to achieve load factors for Ocean Cruise, lower demand for River Cruise and slower growth in the Travel business; and - Key business change initiatives fail to be delivered effectively and are unable to achieve the identified discretionary costs savings due to factors such as resource capability or capacity constraints, unexpected business risk issues, new regulation, or the timing of, and extent to which management are able to achieve the identified discretionary cost savings. There are also less predictable but realistic second order impacts, such as adverse changes in UK Government policy and the economic environment, which could result in a rapid reduction of available financial resources. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	- Through inquiry and inspection of correspondence, we considered the likelihood of the Group's financial services and travel regulators (Financial Conduct Authority ('FCA'), the Gibraltar Financial Services Commission ('GFSC') and the Civil Aviation Authority ('CAA')), imposing additional financial or operational constraints on the Group and how such risks had been factored into the stress testing performed. **Historical comparisons:** - We evaluated the appropriateness of management's cashflow forecasting process by comparing historic forecasts and the related underlying assumptions considered in the prior period with the actual and forecasted cashflows. **Key dependency assessment:** - We gained an understanding of and assessed the Group's and Company's plans and progress to maintain the continued operation of the business in the face of the recent economic challenges, and the assessment of both the likely impact of regulatory change in the insurance industry and a strategic pivot away from broking insurance business for short term profit towards sustaining longer term growth on its business plan; and - We challenged and evaluated the degree to which reasonably foreseeable downside scenarios that would impact the Group's and Company's business were factored into the financial resilience modelling that the Group has performed. **Sensitivity analysis:** - We considered sensitivities over the level of available financial resources indicated by the Group's and Company's financial forecasts taking account of plausible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. **Benchmarking assumptions and our sector experience:** - We evaluated and challenged the assumptions used in the Directors' base and reasonably foreseeable downside scenarios utilising external data points where available alongside our knowledge of the business and our cruise, travel and insurance sector experience, and assessed the potential risk of management bias. **Evaluating directors' intent:** - We evaluated the achievability of the actions the directors consider they would take to improve the position should the risks materialise. This included drawing down on the £85m unsecured loan facility provided by the Group's Chairman and reductions in discretionary spend and capital expenditure, taking into account the extent to which the directors can control the timing and outcome of these actions. **Assessing transparency:** - Considering whether the going concern disclosure in note 2.1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities. **Our findings:** We found the going concern disclosure in note 2.1 without any material uncertainty to be proportionate (2023 result: proportionate).

Area	The risk	Our response
Recoverability of goodwill *Goodwill: £344.7 million, (2023: £449.6 million)* *Impairment of goodwill: £104.9 million (2023: £269.5 million)* *Refer to pages 67 - 70 (Audit Committee Report), note 2.3h on page 115 (accounting policies), and note 16 on pages 143 - 144 (financial disclosures).*	**Forecast-based valuation** Insurance Broking goodwill in the Group is significant and at risk of irrecoverability if forecast business performance were to fall significantly short of business plans. The estimated recoverable amount of goodwill in relation to the insurance broking business is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows and judgement is required to assess whether the directors' overall estimate, taking into account the below assumptions, falls within an acceptable range. The assessment of the recoverability of goodwill involves a high degree of subjectivity around assumptions due to the supporting calculations of Value in Use ('VIU') being reliant on expectations of future performance. Inputs into the VIU calculations, such as future cash flows, weighted average cost of capital ('WACC') and terminal growth rates are at risk of manipulation in order to demonstrate that the value of the underlying intangible assets is not impaired. The risk in relation to these assets is impacted by uncertainty in the economic outlook and therefore there is a risk of impairments to insurance broking goodwill; and particularly if the Group is not able to deliver at or ahead of plan in 2024/25, and years to come, recognising that this plan now assumes delayed longer term growth in business volumes at the expense of the slower emergence of profit. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We performed the tests below rather than seeking to rely on any of the Group's controls because the estimation uncertainty involved in the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Historical comparisons:** - We assessed the reasonableness of cash flow projections against historical performance. **Our sector experience:** - We evaluated and challenged the assumptions used in cash flow forecasts using our sector knowledge and experience. **Benchmarking assumptions:** - We compared the Group's assumptions to externally derived data in relation to key inputs such as WACC and terminal growth rates, with the support of our valuation specialists. **Comparing valuations:** - We compared the recoverable amount of the insurance business Cash Generating Unit ('CGU') by reference to the higher of VIU and fair value less cost to sell relative to the carrying value and evaluated the outcome against comparator industry multiples. **Assessing transparency:** - We assessed whether the Group disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of goodwill. **Our findings:** We found the Group's estimated recoverable amount of goodwill and the related impairment charge to be balanced (2023 finding: balanced), with proportionate (2023 finding: proportionate) disclosure of the related assumptions and sensitivities.

Area	The risk	Our response
Valuation of the liability and reinsurance for incurred claims *Liability for incurred claims: £286.4 million (2023: £259.2 million)* *Reinsurance for incurred claims: £141.3 million (2023: £87.6 million)* *Refer to pages 67 - 70 (Audit Committee Report), note 2.3r on page 128 (accounting policies), and note 28 on pages 166 - 169 (financial disclosures).*	**Subject valuation** The liability for incurred claims represents a significant liability for the Group and comprises the discounted unbiased probability weighted estimate of the cashflows and a risk adjustment. There is a significant risk around the valuation of the liability for incurred claims (and related reinsurance contract assets) driven by the risk of inappropriate estimation in respect of the future cash flows. Whilst the adoption of IFRS 17 affects the measurement of the incurred claims, for example by including a risk adjustment and requiring discounting, the adoption of IFRS 17 in the period had no effect on the estimation of incurred but not report claims ('IBNR'). Valuation of IBNR is the most subjective component of the incurred claims liability and reinsurance contract asset, requiring a number of assumptions to be made with high estimation uncertainty. This is heightened due to the need for adjustments to the historical claims pattern to reflect uncertainty driven by the COVID-19 pandemic and by the current inflationary environment and judgmental allowance for the effect of events not in the historic claims data. There is greater inherent uncertainty in valuation of those claims which emerge slowly over time, or where there is greater potential exposure to large losses due to the effect of uncertain or unknown incurred events. This judgement is applied to a number of key assumptions, such as the frequency and severity of incurred bodily injury, accidental damage and third-party property damage losses, the choice of development pattern, and the choice of discount rate at which periodical payment orders are valued. Additionally, the allowance made for inflation for future claims development is highly uncertain and associated with a heightened estimation risk. Similar estimates are required in establishing the reinsurers' share of incurred claims, in particular the share of IBNR claims. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the liability and reinsurance for incurred claims has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivity estimated by the Group.	We have used our own actuarial specialists to assist us in performing our procedures in this area. We performed the tests below over the valuation rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Independent re-projection in respect of undiscounted cash flows:** - Using the Company's own data, we carried out independent re-projections (net and gross) to form our own view on estimate of the undiscounted cash flows for IBNR. We have calculated a claims inflation loading based on our internal inflation tool in addition to our reprojection work and have challenged the Company's assumption with respect to the inflation loading. **Historical experience:** - We compared prior year actual versus expected claims experience by class of business and accident / underwriting year and the Company's selected loss ratios in the context of actual versus expected. **Data reconciliations:** - We agreed the relevant financial and non-financial claims and premiums data recorded in the claims and premiums administrative systems to the data used in the actuarial reserving calculations, to assess the integrity of data used within actuarial reserving processes and then assess that the output of the actuarial projections reconciled to amounts recorded in the financial statements. **Assessing transparency:** - We considered the adequacy of the Group's disclosures in respect of the sensitivity of the valuation of liability for incurred claims and key assumptions applied to key areas of judgement and estimation uncertainty. **Our findings:** We found that the resulting estimate of the amount recognised for liability and reinsurance for incurred claims to be mildly optimistic (2023 finding: balanced). We found the disclosures of the sensitivities to changes in key assumptions and estimates as inputs to the valuation to be proportionate (2023: proportionate).

Area	The risk	Our response
Recoverability of the parent Company's investment in subsidiaries *Company's investment in subsidiaries: £167.3 million (2023: £167.3 million)* *Refer to pages 67 - 70 (Audit Committee Report), note 1.2 on page 185 (accounting policies), and note 2 on pages 185 - 186 (financial disclosures).*	**Forecast-based valuation** The parent Company has a single direct subsidiary but indirectly owns all operating entities within the Group. The carrying amount of the parent Company's investment in subsidiaries is significant and at risk of irrecoverability if forecast business performance for the Group's Insurance, Cruise and Travel businesses, in particular, were to fall significantly short of business plans. The estimated recoverable amount of the parent Company's investment in subsidiaries is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows and judgement is required to assess whether the directors' overall estimate, taking into account the below assumptions, falls within an acceptable range. Current economic conditions and the outlook for geo-political uncertainty and the impact that this has on the Group's Travel businesses can also have a significant impact on estimation uncertainty. The assessment of the recoverability of this asset involves a high degree of subjectivity around assumptions due to the supporting calculations of VIU being reliant on expectations of future performance. Multiple inputs into the VIU calculations, such as future cash flows, WACC and terminal growth rates are at risk of manipulation in order to demonstrate that the value of the underlying intangible assets is not impaired. The risk in relation to these assets is impacted by uncertainty in the economic outlook and therefore there is risk of impairments to investments in subsidiaries at the parent Company level if the share price does not recover; and particularly if the Group is not able to deliver at or ahead of plan in 2024/25, and years to come. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the parent Company's investment in subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We performed the tests below rather than seeking to rely on any of the Group's controls because the estimation uncertainty involved in the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Historical comparisons:** • We assessed the reasonableness of cash flow projections against historical performance. **Our sector experience:** • We evaluated and challenged the assumptions used in cash flow forecasts using our sector knowledge and experience. **Benchmarking assumptions:** • We compared the parent Company's assumptions to externally derived data in relation to key inputs such as WACC and terminal growth rates, with the support of our valuation specialists. **Comparing valuations:** • For the parent Company's investment in subsidiaries, we compared the sum of the VIUs or fair value less costs to sell for all of the Group's CGUs to the carrying value, market capitalisation and implied multiples of the Group's businesses; and evaluated reasons for any significant differences. **Sensitivity analysis:** • We used our analytical tools to assess the sensitivity of the headroom on the parent Company's investment in subsidiaries and concluded on the appropriateness of the recoverable amount of the parent Company's investment in subsidiaries. This was performed considering reasonable possible changes in key assumptions underlying the business plans, including WACC and terminal growth rates. **Assessing transparency:** • We assessed whether the Group disclosures relating to the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of carrying value of the parent Company's investment in subsidiaries. Our findings: We found the Group's estimated recoverable amount of the parent Company's investment in subsidiaries to be balanced (2023 finding: balanced), with proportionate (2023 finding: proportionate) disclosure of the related assumptions and sensitivities.

We continue to perform procedures over recoverability of the carrying value of cruise ships, however, following strong recovery of the cruise business since the emergence of the UK economy from COVID-19 pandemic-related restrictions, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3 Our application of materiality and an overview of the scope of our audit

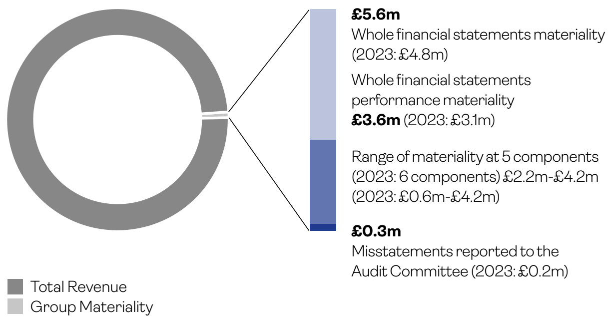
Materiality for the Group financial statements as a whole was set at £5.6m (2023: £4.8m), determined with reference to a benchmark of total revenue, of which it represents 0.76% (2023: determined with reference to a benchmark of total revenue under IFRS 4, of which it represented 0.85%).

Total Revenue

£741.1m (2023: £581.1m*)

Group Materiality

£5.6m (2023: £4.8m)



* Based on total revenue with gross premiums written determined under IFRS 4

Materiality for the Company financial statements as a whole was set at £4.4m (2023: £1.5m), which represents 1.6% of net assets of £270.9m (2023: 0.5% of net assets of £291.8m).

Performance materiality was set at 65% (2023: 65%) and 75% (2023: 65%) of materiality for the financial statements as a whole for the Group and the parent company respectively. This equates to £3.6m (2023: £3.1m) and £3.3m (2023: £1.0m) for the Group and the parent company respectively. We applied this percentage in our determination of performance materiality based on impact of adoption of IFRS 17, the number of control deficiencies identified during the prior period and changes in key senior management during the year.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.3m (2023: £0.2m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

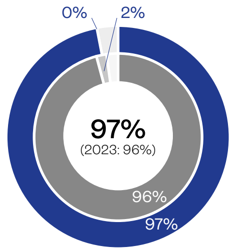
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting. Of the Group's 13 (2023: 13) reporting components, we subjected 4 (2023: 4) to full scope audits for Group purposes and 1 (2023: 2) to specified risk-focused audit procedures. The latter was not individually financially significant enough to require a full scope audit for Group purposes but did present specific individual risks that needed to be addressed. For the residual components, we conducted reviews of financial information (including enquiry) at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £2.2m to £4.2m (2023: £0.6m to £4.2m), having regard to the mix of size and risk profile of the Group across the components. The work on 2 of the 13 components (2023: 2 of the 6 components) was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group audit team. During the year, we held a combination of in person, video and telephone conference meetings with all component auditors.

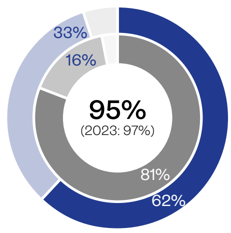
During these meetings, an assessment was made of audit risk and strategy, the findings reported to the Group audit team were discussed in more detail, key working papers were inspected, and any further work identified by the Group audit team as a result of these meetings was subsequently performed by the component auditor.

These components within the scope of our work accounted for the following percentages of the Group's results:

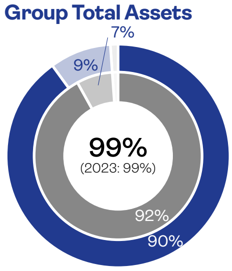
Group Revenue



Group profits and losses that made up the Group loss before tax



Group Total Assets



- Full scope for Group audit purposes 2024
- Specified risk-focused audit procedures 2024
- Full scope for Group audit purposes 2023
- Specified risk-focused audit procedures 2023
- Residual components

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for 15 months from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement in note 2.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period; and
- The related statement under the Listing Rules set out on page 53 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5 The impact of climate change on our audit

In planning our audit, we performed a risk assessment, including enquiries of management, to determine how the impact of commitments made by the Group in respect of reducing carbon emissions, as well as the physical risks of climate change, and transition risks faced by the Group's customer base, could impact on the financial statements and our audit. We held discussions with our own climate change professionals to challenge our risk assessment. Through the procedures we performed, we did not identify any material impact of climate change on the Group's material accounting estimates and there was no significant impact of this assessment on our key audit matters for the year ended 31 January 2024.

The Insurance business within the Group predominantly brokers and underwrites motor and home insurance risks. Climate change may result in an increase in the frequency and severity of climate related events, leading to higher insurance pay-outs. However, the short-term nature of the Group's insurance contracts means that the impact of losses from such events for the year ended 31 January 2024 is already recorded within the Group's insurance contract liabilities at the balance sheet date. The Group considers this loss experience in evaluating individual risk exposures, and the setting of insurance premium rates for both new policies and the periodic renewal of its existing insurance underwriting portfolio.

The Group expects any increase in the frequency and severity of climate-related events to be reflected in future market premium rates. Also, in relation to the insurance business, climate risk is an issue which is expected to evolve further over the medium to long term, rather than have instant incremental impacts on the insurance outlook, and therefore we assessed no significant impact at year-end on insurance goodwill.

The Cruise business within the Group owns cruise ship assets which meet all current regulatory standards regarding emissions and climate change targets. While there will likely be technology advances in years to come that, when developed, will require the Group to look to incur incremental costs to modify the engines on these cruise ships to meet lower emissions standards, the cost to incur such changes would likely extend the operating life of these vessels. Given this and the fact that this technology is yet to be developed, we assessed the risk of climate change to the carrying amount of the cruise ship assets at the balance sheet date to be not significant. We have also read the disclosures of climate related information in the front half of the Annual Report and Accounts as set out on pages 37-43 and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

6 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- enquiring of directors, the Audit Committee and the Internal Audit and Assurance Director, and inspection of key policies and papers provided to those charged with governance as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing" and the process for engaging local management to identify fraud risks specific to their business units, as well as whether they have knowledge of any actual, suspected, or alleged fraud;
- reading Board, Audit and Risk Committee minutes and in the case of Audit Committee meetings for the Group, attendance of the external audit partner at these meetings;
- considering remuneration incentive schemes and performance targets for directors and senior management;
- using analytical procedures to identify any unusual or unexpected relationships; and
- reading broker reports and other public information to identify third-party expectations and concerns.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is not complex in nature and there is no significant management judgement or estimation involved in recording the revenue transactions.

We also identified fraud risks related to inappropriate assessment of the recoverability of Group goodwill and the carrying amount of the parent Company's investment in subsidiaries and valuation of the liability and reinsurance for incurred claims, in response to possible pressures to meet profit targets.

In determining the audit procedures to address the identified fraud risks, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls. Further detail in respect of the procedures performed over the recoverability of Group goodwill and the carrying amount of the parent Company's investment in subsidiaries and valuation of the liability and reinsurance for incurred claims, including how we have used specialists to assist in our challenge of management is set out in the key audit matter disclosures in section 2 of this report.

To address the pervasive risk as it relates to management override, we also performed procedures including:

- identifying journal entries to test for all in scope components, based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management, those including specific words based on our risk criteria, those journals which were unbalanced, those posted to unusual accounts, those posted at the end of the period and/or post-closing entries with little or no description and unusual journal entries posted to either cash or borrowings; and
- assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other members of management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: regulatory capital, regulatory compliance and liquidity, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form, with the Insurance business regulated primarily by the FCA and the GFSC, with the Travel business regulated by the CAA. The Travel businesses are members of the Association of British Travel Agents, the International Air Transport Association and the Federation of Tour Operators. These are well-recognised UK trade bodies with codes of conduct to which members are required to adhere. All parts of the Group operate procedures to comply with other key regulations and legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or is evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- We have not identified material misstatements in the Strategic Report and the Directors' Report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- The directors' confirmation within the viability statement on page 50 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- The principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- The directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 53 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- The directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- The section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- The section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in these respects.

8 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us;
- The parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns;
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 95, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy Butchart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
16 April 2024

Consolidated income statement
for the year ended 31 January 2024

	Note	2024 £m	2023 (restated[1]) £m
Revenue from Cruise and Travel services	3	410.0	305.5
Revenue from Insurance Broking services	3	128.7	147.8
Other revenue (non-Insurance Underwriting)	3	24.8	17.4
Non-insurance revenue	3	563.5	470.7
Insurance revenue	3	177.6	193.0
Total revenue	3	**741.1**	**663.7**
Decrease in credit loss allowance		–	1.3
Other cost of sales		(301.1)	(249.8)
Cost of sales (non-Insurance Underwriting)	3	**(301.1)**	**(248.5)**
Gross profit (non-Insurance Underwriting)		**262.4**	**222.2**
Insurance service expenses	28	(249.2)	(215.8)
Net income from reinsurance contracts	28	40.2	27.3
Insurance service result		**(31.4)**	**4.5**
Other income	3	5.0	–
Administrative and selling expenses	4	(214.2)	(181.5)
Increase in credit loss allowance		(1.1)	(0.9)
Impairment of non-financial assets	5	(118.6)	(271.2)
Net finance (expense)/income from insurance contracts	28	(3.5)	8.2
Net finance income/(expense) from reinsurance contracts	28	1.9	(3.7)
Net (loss)/profit on disposal of property, plant and equipment and software	15, 17, 18	(0.5)	0.1
Investment income/(loss)	6	15.4	(9.7)
Finance costs	7	(44.4)	(42.2)
Finance income	8	–	1.5
Loss before tax		**(129.0)**	**(272.7)**
Tax credit/(expense)	10	16.0	(0.4)
Loss for the year		**(113.0)**	**(273.1)**
Attributable to:			
Equity holders of the parent		(113.0)	(273.1)
Loss per share:			
Basic	12	(80.8p)	(195.7p)
Diluted	12	(80.8p)	(195.7p)

The Notes on pages 110-180 form an integral part of these consolidated financial statements.

1 For details of the restatement, please see Notes 2.5, 19a and 28

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

	Note	2024 £m	2023 (restated[2]) £m
Loss for the year		**(113.0)**	**(273.1)**
Other comprehensive income			
Other comprehensive income that may be reclassified to the income statement in subsequent years			
Net losses on hedging instruments during the year	19	(1.3)	(2.0)
Recycling of previous losses to income statement on matured hedges	19	1.0	0.3
Total net losses on cash flow hedges		(0.3)	(1.7)
Associated tax effect		0.6	(0.8)
Total other comprehensive income/(losses) with recycling to income statement		0.3	(2.5)
Other comprehensive income that will not be reclassified to the income statement in subsequent years			
Remeasurement losses on defined benefit plan	27	(41.1)	(19.1)
Associated tax effect		10.3	4.8
Total other comprehensive losses without recycling to income statement		(30.8)	(14.3)
Total other comprehensive losses		(30.5)	(16.8)
Total comprehensive losses for the year		**(143.5)**	**(289.9)**
Attributable to:			
Equity holders of the parent		(143.5)	(289.9)

The Notes on pages 110-180 form an integral part of these consolidated financial statements.

2 For details of the restatement, please see Notes 2.5, 19a and 28

Consolidated statement of financial position
as at 31 January 2024

	Note	**2024 £m**	2023 (restated[3]) £m	1 Feb 2022 (restated[3]) £m
Assets				
Goodwill	14	344.7	449.6	718.6
Intangible assets	15	60.7	51.3	47.1
Retirement benefit scheme surplus	27	–	–	1.1
Property, plant and equipment	17	593.4	611.0	646.5
Right-of-use assets	18	24.6	30.7	36.0
Financial assets	19	252.2	282.4	332.1
Current tax assets		4.8	4.4	4.3
Deferred tax assets	10	49.4	20.8	15.0
Reinsurance contract assets	28	173.2	112.2	81.1
Inventories	22	8.1	7.0	6.3
Trade and other receivables	23	127.7	136.0	115.6
Trust and escrow accounts	24	37.9	36.2	23.4
Cash and short-term deposits	25	188.7	176.5	226.9
Assets held for sale	38	17.4	31.2	12.9
Total assets		**1,882.8**	**1,949.3**	**2,266.9**
Liabilities				
Retirement benefit scheme liability	27	47.9	12.1	–
Insurance contract liabilities	28	399.3	347.5	359.6
Reinsurance contract liabilities	28	–	–	1.1
Provisions	31	8.0	5.2	5.4
Financial liabilities	19	828.4	896.8	936.2
Deferred tax liabilities	10	14.6	9.3	7.8
Contract liabilities	29	159.8	126.5	118.1
Trade and other payables	26	201.3	186.5	187.3
Total liabilities		**1,659.3**	**1,583.9**	**1,615.5**
Equity				
Issued capital	33	21.3	21.1	21.1
Share premium		648.3	648.3	648.3
Own shares held reserve		(1.2)	–	–
Retained deficit		(452.5)	(309.7)	(24.7)
Share-based payment reserve		10.5	8.9	7.4
Hedging reserve		(2.9)	(3.2)	(0.7)
Total equity		**223.5**	**365.4**	**651.4**
Total equity and liabilities		**1,882.8**	**1,949.3**	**2,266.9**

The Notes on pages 110-180 form an integral part of these consolidated financial statements.

Signed for and on behalf of the Board on 16 April 2024 by

M Hazell
Group Chief Executive Officer

M Watkins
Group Chief Financial Officer

3 For details of the restatement, please see Notes 2.5, 19a and 28

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

	Attributable to the equity holders of the parent							
	Issued capital £m	Share premium £m	Own shares held reserve £m	Retained (deficit)/ earnings £m	Share-based payment reserve £m	Fair value reserve £m	Hedging reserve £m	Total £m
At 1 February 2023 (restated[4])	**21.1**	**648.3**	**–**	**(309.7)**	**8.9**	**–**	**(3.2)**	**365.4**
Loss for the year	–	–	–	(113.0)	–	–	–	(113.0)
Other comprehensive losses excluding recycling	–	–	–	(30.8)	–	–	(0.8)	(31.6)
Recycling of previous losses to income statement	–	–	–	–	–	–	1.1	1.1
Total comprehensive (losses)/income	–	–	–	(143.8)	–	–	0.3	(143.5)
Issue of share capital (Note 33)	0.2	–	–	–	–	–	–	0.2
Share-based payment charge (Note 36)	–	–	–	–	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**
At 1 February 2022 (as reported)	**21.1**	**648.3**	**–**	**(22.4)**	**7.4**	**(0.8)**	**(0.7)**	**652.9**
Effect of adoption of IFRS 17	–	–	–	(2.3)	–	0.8	–	(1.5)
At 1 February 2022 (restated[4])	**21.1**	**648.3**	**–**	**(24.7)**	**7.4**	**–**	**(0.7)**	**651.4**
Loss for the year	–	–	–	(273.1)	–	–	–	(273.1)
Other comprehensive losses excluding recycling	–	–	–	(14.3)	–	–	(2.9)	(17.2)
Recycling of previous losses to income statement	–	–	–	–	–	–	0.4	0.4
Total comprehensive losses	–	–	–	(287.4)	–	–	(2.5)	(289.9)
Share-based payment charge (Note 36)	–	–	–	–	3.9	–	–	3.9
Transfer upon vesting of share options	–	–	–	2.4	(2.4)	–	–	–
At 31 January 2023 (restated[4])	**21.1**	**648.3**	**–**	**(309.7)**	**8.9**	**–**	**(3.2)**	**365.4**

The Notes on pages 110-180 form an integral part of these consolidated financial statements.

4 For details of the restatement, please see Notes 2.5, 19a and 28. The effect of adoption of IFRS 17 disclosed above includes related updates to accounting policies applied under International Financial Reporting Standard (**IFRS**) 9 'Financial Instruments'

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

	Note	2024 £m	2023 (restated[5]) £m
Loss before tax		(129.0)	(272.7)
Depreciation, impairment and loss on disposal, of property, plant and equipment, and right-of-use assets		35.1	32.9
Amortisation and impairment of intangible assets and goodwill, and profit or loss on disposal of software		117.2	278.6
Impairment of assets held for sale	38	10.4	1.2
Share-based payment transactions		3.4	3.9
Net finance expense/(income) from insurance contracts	28	3.5	(8.2)
Net finance (income)/expense from reinsurance contracts	28	(1.9)	3.7
Finance costs	7	44.4	42.2
Finance income	8	–	(1.5)
Interest (income)/expense from investments		(15.4)	9.7
Increase in trust and escrow accounts		(1.7)	(12.8)
Movements in other assets and liabilities		40.8	(57.8)
		106.8	19.2
Investment income interest received		11.9	5.4
Interest paid		(38.2)	(37.6)
Income tax received/(paid)		3.2	(0.9)
Net cash flows from/(used in) operating activities		**83.7**	**(13.9)**
Investing activities			
Proceeds from sale of property, plant and equipment, intangible assets and right-of-use assets		–	0.2
Purchase of, and payments for, the construction of property, plant and equipment and intangible assets		(26.7)	(20.8)
Disposal of financial assets		56.4	65.8
Purchase of financial assets		(11.7)	(40.2)
Disposal of subsidiary, net of cash in business disposed of		–	–
Acquisition of subsidiary, net of cash in business acquired	13	–	(0.9)
Net cash flows from investing activities		**18.0**	**4.1**
Financing activities			
Payment of principal portion of lease liabilities	32	(11.6)	(7.8)
Repayment of borrowings	32	(62.2)	(46.4)
Net cash flows used in financing activities		**(73.8)**	**(54.2)**
Net increase/(decrease) in cash and cash equivalents		**27.9**	**(64.0)**
Cash and cash equivalents at the start of the year		**191.7**	**255.7**
Cash and cash equivalents at the end of the year	25	**219.6**	**191.7**

The Notes on pages 110-180 form an integral part of these consolidated financial statements.

5 For details of the restatement, please see Notes 2.5, 19a and 28

Notes to the consolidated financial statements

1 Corporate information

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

Saga offers a wide range of products and services to its customer base, which includes package and cruise holidays, general insurance products, personal finance products and a range of media content including a monthly subscription magazine.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards.

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis, except as otherwise stated. The Group has reviewed the appropriateness of the going concern basis in preparing the financial statements, details of which are included below. Based on those assumptions, the Directors have concluded that it remains appropriate to adopt the going concern basis in preparing the financial statements.

The Group's consolidated 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. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The preparation of financial statements in compliance with UK-adopted international accounting standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.6.

The material accounting policies adopted, which have been applied consistently, unless otherwise stated, are set out in Note 2.3.

Going concern

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

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

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

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

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

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

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

Over the same time frame and on the same basis, the Group also expects to remain within the renegotiated financial covenants and other terms relating to its £50.0m RCF, as set out in Note 30, in both the base case and the stressed case scenario, enabling it to draw down on this currently undrawn facility, until maturity in May 2025, to meet short-term working capital requirements, should the need arise.

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

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

6 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its **subsidiaries**) made up to 31 January each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with an investee entity and has the ability to affect those returns through its power over the investee entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiary companies are consolidated using the acquisition method.

The results of subsidiaries acquired, or disposed of, during the year are included in the consolidated income statement from the effective date of acquisition (control) or up to the effective date of disposal (control ceases), as appropriate. Where a subsidiary which constituted a separate major line of business is disposed of, it is disclosed as a discontinued operation.

In preparing these consolidated financial statements, any intra-group receivables, payables, income and expenses arising from intra-group trading are eliminated. Where accounting policies used in individual financial statements of a subsidiary company differ from Group policies, adjustments are made to bring these policies in line with Group policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of material accounting policies

a) Revenue recognition

Revenue represents amounts receivable from the sale or supply of goods and services provided to customers in the ordinary course of business and is recognised to the extent that it is probable that the future economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is received. The recognition policies for the Group's various revenue streams by segment are as follows:

i) Cruise and Travel

Revenue from Cruise, in respect of ocean cruise holidays, is recognised in line with the performance obligations, being the cruise itself, flights and/or rail journeys (where applicable), travel insurance and transfers. The standalone selling price of each performance obligation is estimated as the cost to provide each obligation plus a profit margin appropriate to the nature of each service. The price charged to each customer is then apportioned to each performance obligation based on the relative estimated standalone selling prices, in line with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The portion of revenue allocated to the cruise itself is recognised on a per diem basis over the duration of the cruise in line with when the performance obligation is satisfied. The portion of revenue allocated to flights, and flight upgrades (where applicable), and transfers is recognised on the date that each trip is fulfilled.

Revenue from travel insurance (which is underwritten by a third party) for cruising holidays is recognised at the cover start date of the policy, which is usually at the point the customer makes a booking.

Revenue from Cruise, relating to chartered river cruise ships, is also recognised in line with the performance obligations that are included in a package holiday, namely the provision of flights, accommodation, transfers and travel insurance. Revenue is recognised as and when each performance obligation is satisfied, which is deemed to be when each service to the customer takes place.

For Travel, revenue in relation to flights and flight upgrades is recognised on the date of each flight; revenue in relation to accommodation is recognised over the duration of the holiday; revenue in relation to transfers is recognised on the date that the transfers occur before and after each holiday; and revenue in respect of travel insurance (which is underwritten by a third-party underwriter) is recognised on the cover start date of the insurance. This is consistent with the approach adopted by the Cruise business.

An element of revenue which represents the non-refundable deposit received at the time of booking is recognised in the income statement immediately in line with the prevailing rate of cancellations.

Revenue from sales in resort, or on board a cruise ship operated by the Group, for example for optional excursions, is recognised as it is earned.

Revenue from Cruise and Travel received in advance of when each performance obligation is satisfied is included as deferred revenue within contract liabilities in the statement of financial position.

ii) Insurance

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

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

IPT is excluded from all revenue recognised by the Group.

Notes to the consolidated financial statements
continued

2.3 Summary of material accounting policies continued

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

For insurance policies underwritten by the Group:

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

The above treatment is in line with the requirements of IFRS 17 (see also Note 2.3r).

For insurance policies not underwritten by the Group:

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

The above treatment is in line with the requirements of IFRS 15.

For all insurance policies:

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

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

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

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

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

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

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

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

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

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

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

Other sources of revenue relating to insurance policies

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

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

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

This revenue is recognised at the point of referral.

iii) Other Businesses and Central Costs

Saga Money

Revenue from personal finance products is recognised when the customer contracts with the provider of the relevant personal finance product where the revenue comprises a one-off payment by the provider of the product.

Where the personal finance product is one that delivers a recurring income stream, the present value of the future expected revenue to be received is recognised when the customer contracts with the provider of the relevant personal finance product, and it is highly probable that a significant reversal of revenue recognised will not occur.

For the Saga savings product, commissions are earned over the duration of the contract in line with the contractual amount due to the Group.

For Saga equity release products, commissions are earned initially and over the lifetime of the product. Additionally, further commissions, where applicable, are earned at each subsequent stage of the drawdown if any more of the advance is taken by the customer. Initial commission relating to new business is recognised as revenue at the point the performance obligation with the Group's contracted business partners is satisfied, and the customer has taken out the product. Where applicable, and the probability of further drawdowns is high, trail commission is recognised as the discounted future cash flows expected to be received over the estimated life of the product and likewise for further commissions on additional drawdowns undertaken by the customer.

For Saga legal services, mortgage and investing products, broking commissions are earned initially, and over the duration of the contract, in line with the contractual amount due to the Group.

Saga Publishing

Magazine subscription revenue is recognised on a straight-line basis over the period of the subscription. Revenue generated from advertising within the magazine is recognised when the magazine is provided to the customer.

The element of subscriptions and advertising revenue relating to the period after the reporting date is recognised as deferred revenue within contract liabilities in the statement of financial position.

Printing and mailing

Revenue from printing and mailing services is recognised in line with the performance obligations within customer contracts.

Market research

Revenue from market research services is recognised when a performance obligation is satisfied. Revenue recognised over time is based on the proportion of the level of service performed.

b) Cost recognition

i) Costs of acquiring insurance contracts

Acquisition costs arising from the selling or renewing of insurance policies underwritten by the Group (**insurance acquisition cash flows**) are expensed when they are incurred within insurance service expenses in the income statement. See also Note 2.3r(viii).

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

ii) Claims costs

Claims costs incurred in respect of insurance policies underwritten by the Group are included within insurance service expenses in the income statement. These costs include estimates in respect of losses reported as having occurred during the period, an estimate for the cost of claims incurred during the period but not reported as at the reporting date, and any adjustments to claims outstanding from previous periods. See Note 2.3r(vi)(b) for further details.

The portion of claims costs recoverable from reinsurance contracts is recognised within net income from reinsurance contracts in the income statement. These recoveries are recognised in the same period in which the claims costs are recognised. See Note 2.3r(vii) for further details.

iii) Finance costs

Finance costs comprise interest paid and payable that is calculated using the effective interest rate (**EIR**) method, and it is recognised in the income statement as it accrues. Accrued interest is included within the carrying value of the interest-bearing financial liability in the statement of financial position. Finance costs also include debt issue costs that were initially recognised in the statement of financial position and amortised over the life of the debt, debt issue costs in respect of renegotiating existing, or negotiating new, facilities that are immediately recognised in the income statement and net fair value losses on derivative financial instruments.

iv) All other expenses

All other expenses are recognised in the income statement as they are incurred.

c) Recognition of other income statement items

i) Interest income

Investment income in the form of interest is recognised in the income statement as it accrues and is calculated using the EIR method.

Interest income is earned by the Group on assets held at fair value through profit or loss (**FVTPL**) and amortised cost. Fees and commissions which are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the EIR of the instrument.

ii) Dividend income

Income in the form of dividends is recognised when the right to receive payment is established. For listed securities, this is the date that the security is listed as ex-dividend.

iii) Gains and losses on financial investments at fair value

Realised and unrealised gains and losses on financial investments are recorded as investment income in the income statement, and represent net fair value gains and losses arising from changes in fair value during the year.

iv) Other income

The Group recognises other items in profit or loss as other income, when the amounts become receivable and its right to receive payments is established.

Notes to the consolidated financial statements
continued

2.3 Summary of material accounting policies continued

d) Taxes

i) Current income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax assets and liabilities also include adjustments in respect of tax expected to be payable, or recoverable, in respect of previous periods. Current income tax relating to items recognised in other comprehensive income (**OCI**) and directly in equity is recognised in OCI or equity and not in the income statement.

ii) Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged, or credited, in the income statement, except when it relates to items charged or credited in OCI or equity, in which case the deferred tax is recognised in OCI or equity as appropriate.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

e) Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rate at the date that the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevalent at the reporting date.

f) Intangible assets

Intangible assets acquired are measured on initial recognition at cost and, subsequent to initial recognition, are carried at cost less any accumulated amortisation and accumulated impairment losses.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding internally developed software, are not capitalised and the related expenditure is reflected in the income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed finite. Computer software costs recognised as assets are amortised over their estimated useful economic lives, which varies from asset to asset within a range of 3-13 years.

Intangible assets are amortised over their useful economic life on a basis appropriate to the consumption of the asset, and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

g) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date at fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial and non-financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument within the scope of IFRS 9 'Financial Instruments' is measured at fair value with the changes in fair value recognised in the income statement.

Any excess of the cost of acquisition over the fair values of the identifiable assets and liabilities is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable assets and liabilities of the acquired business, the difference is recognised directly in the income statement in the year of acquisition.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units (**CGUs**) at the point of acquisition and is reviewed at least annually for impairment.

The useful life of goodwill is assessed as indefinite. Goodwill is not amortised, but is tested for impairment at least annually, at the CGU level. Where the carrying value of the asset exceeds the recoverable amount, an impairment loss is recognised in the income statement immediately.

h) Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. If such an indication exists, the recoverable amount is estimated and compared with the carrying amount. If the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to its recoverable amount and the impairment loss is recognised immediately in the income statement.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is any indication that an asset may be impaired, a recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount is determined according to the CGU to which the asset belongs.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to the CGUs, or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount is calculated as the higher of fair value less costs to sell, and value-in-use. In assessing value-in-use, where appropriate, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its value-in-use calculations on detailed budgets, plans and long-term growth assumptions, which are prepared separately for each of the Group's CGUs to which individual assets are allocated.

i) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately.

Assets in the course of construction at the statement of financial position date are classified separately. These assets are transferred to other asset categories when they become available for their intended use.

Depreciation is charged to the income statement on a straight-line basis so as to write off the depreciable amount of property, plant and equipment over their estimated useful lives. The depreciable amount is the cost of an asset less its residual value. Land and assets in the course of construction are not depreciated. Estimated useful lives are as follows:

Buildings, properties and related fixtures:

Buildings	50 years
Fixtures and fittings	3-20 years
Ocean cruise ships	30 years
Computers	3-6 years
Plant, vehicles and other equipment	3-10 years

Costs relating to ocean cruise ship mandatory dry-dockings are capitalised and depreciated over the period up to the next dry-docking, where appropriate. The International Convention for the Safety of Life at Sea regulations stipulate that ships have to be dry-docked twice in an interval of five years, with the interval between consecutive dry-dockings being not less than two years and not more than three years. All other repairs and maintenance costs are recognised in the income statement as incurred.

An item of property, plant and equipment is derecognised upon disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Estimated residual values and useful lives are reviewed annually. In relation to the annual review of estimated residual values and useful lives of ocean cruise ships, potential environmental regulatory changes are also considered. The shipping industry has made a commitment to reduce CO_2 emissions by 40% by 2030 (from a 2008 baseline), and the UK Government has made commitments to reach net zero emissions by 2050. The Energy Efficiency eXisting ship Index (**EEXI**) and Carbon Intensity Indicator (**CII**) regulations were introduced internationally in 2023 to enable the industry to meet the 2030 target, and the Group's ocean cruise ships meet the requirements of these regulations. The end of their useful economic lives of 30 years will have been reached by 2049 in the case of Spirit of Discovery and 2051 in the case of Spirit of Adventure.

j) Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. To be classified as held for sale, an asset must be available for immediate sale in its present condition, subject only to terms that are usual and customary for the sale of such assets, and the sale must be highly probable. A sale is considered to be highly probable when management is committed to a plan to sell an asset, and an active programme to locate a buyer and complete the plan has been initiated at a price that is reasonable in relation to its current fair value, and there is an expectation that the sale will be completed within one year from the date of classification. Non-current assets classified as held for sale are carried on the Group's statement of financial position at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

Notes to the consolidated financial statements
continued

2.3 Summary of material accounting policies continued

k) Financial instruments

i) Financial assets

On initial recognition, a financial asset is classified as either amortised cost, fair value through other comprehensive income (**FVOCI**) or FVTPL. The classification of financial assets is based on the business model in which a financial asset is managed, and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Group does not hold any financial assets classified as FVOCI.

	Initial recognition	Subsequent measurement
Amortised cost	A financial asset is classified as amortised cost (initially measured at fair value plus any directly attributable transaction costs) if it meets both of the following conditions and is not elected to be designated as FVTPL: • It is held within a business model whose objective is to hold assets to collect contractual cash flows. • Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group classifies trade receivables and other receivables as held at amortised cost.	These assets are subsequently measured at amortised cost using the EIR method. The amortised cost is reduced by any impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss as they are incurred. Any gain or loss on derecognition is recognised in profit or loss immediately.
FVTPL	All financial assets not classified as amortised cost (or FVOCI) as described above are classified as FVTPL and held at fair value. This includes all derivative financial assets. On initial recognition, the Group may irrevocably elect to designate a financial asset, that otherwise meets the requirements, to be measured at amortised cost or FVOCI, as FVTPL if doing so eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. This election is made on an individual instrument basis. This election has been made for the Group's debt securities. The Group classifies loan funds, money market funds held within the Insurance business and foreign exchange forward contracts not designated in a hedging relationship, as FVTPL.	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income (separately disclosed), are recognised in profit or loss, unless such instrument is designated in a hedging relationship (see (vi) overleaf).

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or when the Group has transferred substantially all the risks and rewards relating to the asset to a third party.

ii) Impairment of financial assets

The expected credit loss (**ECL**) impairment model applies to financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to 12-month ECLs, except for the following, which are measured as lifetime ECLs:

- Debt securities that are determined to have high credit risk at the reporting date.
- Other debt securities and bank balances for which credit risk has increased significantly since initial recognition.
- Trade receivables and contract assets that result from transactions within the scope of IFRS 15.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the definition of investment grade.

The Group considers this to be BBB- or higher as per credit rating scales.

Measurement of ECLs

ECLs are measured as a probability-weighted estimate of credit losses. Credit losses are measured as the probability of default in conjunction with the present value of the Group's exposure. Loss allowances for ECLs on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, with a corresponding charge to the income statement.

iii) Financial liabilities

Initial recognition and measurement

All financial liabilities are classified as financial liabilities at amortised cost on initial recognition except for derivatives, which are classified at FVTPL, the gains or losses for which are recognised through OCI if the instrument is designated as a hedging instrument in an effective cash flow hedge.

With the exception of lease liabilities, all financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, derivative financial instruments and lease liabilities.

Subsequent measurement

After initial recognition, interest-bearing loans, borrowings and other payables are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

iv) Derivatives

Derivatives are measured at fair value, both initially and subsequently to initial recognition. All changes in fair value of non-designated derivatives are recognised in the income statement immediately.

Changes in fair value of derivatives designated as cash flow hedges are initially recognised in OCI until such a point that they are recycled to profit or loss in the same period as the hedged item is recognised in profit or loss, or immediately if the hedged item is no longer expected to occur.

Derivatives are presented as assets when the fair values are positive, and as liabilities when the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

v) Fair values

The Group measures all financial instruments at fair value at each reporting date, other than those instruments measured at amortised cost.

Fair value is the price that would be required to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either in the principal market accessible by the Group for the asset or liability or, in the absence of a principal market, in the most advantageous market accessible by the Group for the asset or liability.

The fair values are quoted market bid prices where there is an active market, or based on valuation techniques when there is no active market or the instruments are unlisted. Valuation techniques include the use of recent arm's-length market transactions, discounted cash flow analysis and other commonly used valuation techniques.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

vi) Hedge accounting

The Group designates certain derivative financial instruments as cash flow hedges of certain forecast transactions. These transactions are highly probable to occur and present an exposure to variations in cash flows that could ultimately affect amounts determined in profit or loss.

The Group has elected to adopt the general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward foreign exchange and commodity swap contracts to hedge the variability in cash flows arising from changes in foreign currency rates and oil prices respectively. For foreign exchange contracts, the Group designates the fair value change of the full forward price as the hedging instrument in cash flow hedging relationships. For commodity hedging, the Group designates the fair value change of the benchmark oil price. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity. Any ineffective portion of the fair value gain or loss is recognised immediately within the income statement.

When a hedging instrument no longer meets the criteria for hedge accounting, through maturity, sale, or other termination, hedge accounting is discontinued prospectively. If the hedged forecast transaction is still expected to occur, the associated cumulative gain or loss remains in the hedging reserve and is recognised in accordance with the above policy when the hedged forecast transaction occurs. If the hedged forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

Notes to the consolidated financial statements
continued

2.3 Summary of material accounting policies continued

l) Leases

The Group leases various river cruise ships, buildings, equipment and vehicles. The contract length of the lease varies considerably and may include extension or termination options as described below.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: the contract involves the use of an identified asset; the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Group has the right to direct the use of the asset.

Leases are initially recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Where it is reasonably certain that an extension option will be triggered in a contract, lease payments to be made in respect of the option will be included in the measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used. This is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period using the EIR method and the lease liability is measured at amortised cost using the EIR method.

Right-of-use assets are initially measured at cost, comprising the present value of future lease payments plus any initial direct costs and restoration costs. Right-of-use assets are depreciated over the lease term on a straight-line basis, except for the Group's river cruise ships. The unit of production method is used to depreciate river cruise ships in order to accurately reflect the usage of the asset, which is seasonal.

Payments associated with short-term leases of equipment and all leases of low-value assets are expensed in profit or loss as incurred, in line with the exemption allowed under paragraph 6 of IFRS 16 'Leases'.

Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and river cruise ship leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group remeasures the lease liability, and makes a corresponding adjustment to the related right-of-use asset, whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and fees that an entity incurs in connection with the borrowing of funds.

n) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand, short-term deposits with a maturity of three months or less from their inception date and money market funds held outside of the Insurance business.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, and short-term highly liquid investments (including money market funds held within the Insurance business) with original maturities of three months or less that are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

o) Trust and escrow accounts

Prior to 28 March 2023, 100% of customer monies were paid into trust until the Group had fulfilled its obligations and the customer had returned from their holiday. The trust was administered and controlled by an independent trustee, PT Trustees Limited. On this date, the Group moved from a trust arrangement to an escrow arrangement.

This means that, from 28 March 2023, 70% of customer monies received in advance in relation to Air Travel Organiser's Licencing (**ATOL**) licensable bookings are held in escrow accounts until after the customer has travelled, when the Group has fulfilled all its performance obligations with customers.

The escrow arrangement is governed by a deed between the Group, the Civil Aviation Authority Air Travel Trustees and an independent Trustee, PT Trustees Limited, which determines the inflows and outflows from the accounts. The Group utilises the remaining 30% of customer advance receipts in its Travel and River Cruise businesses to fund the cost of operating these holidays.

p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost. Loss allowances are measured as lifetime ECLs.

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred prior to completion and disposal.

r) Insurance contracts underwritten by the Group and reinsurance contracts

i) Classification

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

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

ii) Separating components from insurance and reinsurance contracts

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

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

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

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

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

iii) Aggregation of insurance and reinsurance contracts

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

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

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

iv) Recognition of insurance and reinsurance contracts

The Group recognises insurance contracts issued from the earliest of:

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

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

The Group recognises groups of reinsurance contracts as follows:

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

v) Contract boundaries

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

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

Notes to the consolidated financial statements
continued

2.3 Summary of material accounting policies continued

vi) Measurement – insurance contracts

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

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

(a) Measurement at initial recognition

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

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

(b) Subsequent measurement

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

Liability for remaining coverage

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

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

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

For groups of contracts that were onerous at initial recognition:

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

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

Liability for incurred claims

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

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

vii) Measurement – reinsurance contracts

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

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

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

viii) Measurement – insurance acquisition cash flows

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

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

ix) Modification and derecognition

An insurance contract is derecognised when:

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

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

x) Presentation

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

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

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

(b) Changes in the risk adjustment

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

(c) Reinsurance

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

(d) Insurance finance income or expense

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

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

This largely represents:

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

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

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

xi) Transition

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

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

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

Notes to the consolidated financial statements
continued

2.3 Summary of material accounting policies continued

s) Share-based payments

The Group provides benefits to employees (including Executive Directors) in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (**equity-settled transactions**). The cost of equity-settled transactions is measured by reference to the fair value on the grant date and is recognised as an expense over the relevant vesting period, ending on the date on which the employee becomes fully entitled to the award.

Fair values of share-based payment transactions are calculated using market price and Monte Carlo modelling techniques. In valuing equity-settled transactions, assessment is made of any vesting conditions to categorise these into market performance conditions, non-market performance conditions and service conditions.

Where the equity-settled transactions have market performance conditions (that is, performance which is directly or indirectly linked to the share price), the fair value of the award is assessed at the time of grant and is not changed, regardless of the actual level of vesting achieved, except where the employee ceases to be employed prior to the vesting date.

For service conditions and non-market performance conditions, the fair value of the award is assessed at the time of grant and is reassessed at each reporting date to reflect updated expectations for the level of vesting. No expense is recognised for awards that ultimately do not vest.

At each reporting date prior to vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and, in the case of non-market conditions, the best estimate of the number of equity instruments that will ultimately vest or, in the case of instruments subject to market conditions, the fair value on grant adjusted only for leavers. The movement in the cumulative expense since the previous reporting date is recognised in the income statement, with the corresponding increase being recognised in the share-based payments reserve.

Upon vesting of an equity instrument, the cumulative cost in the share-based payments reserve is reclassified to retained earnings in equity.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

t) Retirement benefit schemes

During the year, the Group operated a defined benefit pension plan that requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method. The defined plan was closed to future accrual on 31 October 2021. From 1 November 2021, members moved from active to deferred status.

Actuarial gains and losses arising in the year are credited/charged to OCI and comprise the effects of changes in actuarial assumptions and experience adjustments due to differences between the previous actuarial assumptions and what has actually occurred. In particular, the difference between the interest income and the actual return on plan assets is recognised in OCI.

Other movements in the net surplus or deficit, which include the current service cost, any past service cost and the effect of any curtailment or settlements, are recognised in the income statement. Past service costs are recognised in the income statement on the earlier of the date of plan curtailment and the date that the Group recognises restructuring-related costs. The Group no longer incurs any service costs or curtailment costs relating to the defined benefit pension plan as the scheme is closed to future accrual. Interest cost, calculated on the same basis as interest income recognised in profit or loss on plan assets, is also charged to the income statement.

The defined benefit schemes are funded, with assets of the schemes held separately from those of the Group, in separate Trustee- administered funds. Scheme assets are measured using market values, and scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Full actuarial valuations are obtained, at least triennially, and are updated at each reporting date. The resulting defined benefit asset or liability is presented separately on the face of the statement of financial position. The value of a pension benefit asset is restricted to the amount that may be recovered, either through reduced contributions, or agreed refunds from the scheme.

For defined contribution schemes, the amounts charged to the income statement are the contributions payable in the year.

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The costs of fulfilling a contract comprise both the incremental costs and an allocation of other direct costs.

v) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. They represent liabilities to pay for goods or services that have been received or supplied in the normal course of business, invoiced by the supplier before the year end, but for which payment has not yet been made.

w) Equity

The Group has ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

x) Own shares

Own shares represent the shares of the Company that are held by an Employee Benefit Trust (**EBT**). Own shares are recorded at cost and deducted from equity. The Directors consider that, under the terms of the contractual arrangements in place, Saga plc has control over the EBT. The results and net assets of the EBT have, therefore, been included in the Group consolidation.

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 January 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 and are not likely to have a material effect on the Group's financial statements because it presents the items included in its statement of financial position by order of liquidity. The amendments have been endorsed by the UK Endorsement Board.

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

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

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

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

d) Lack of exchangeability (amendments to IAS 21)

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

2.5 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 year ended 31 January 2024.

a) IFRS 17 'Insurance Contracts'

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

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

The changes introduced by IFRS 17 are summarised as follows:

The Group has applied IFRS 17's simplified PAA to all insurance contracts issued and reinsurance contracts held.

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

- IFRS 17 requires identification of any contracts that are expected to be onerous at initial recognition. The expected losses are recognised immediately in profit or loss, with a liability (a loss component) established on the statement of financial position. Under previously reported IFRS, onerous contracts were assessed at a more aggregated level, which resulted in fewer onerous contract losses being explicitly recognised. Instead, any expected losses on individual policies were typically recognised in profit or loss over the coverage period of the insurance contracts.
- The Group has taken the PAA option to expense insurance acquisition costs immediately in profit or loss, meaning that the deferred insurance acquisition cost asset held under previously reported IFRS has not been recognised.

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

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

Notes to the consolidated financial statements
continued

2.5 First-time adoption of new standards and amendments continued

This differs from previously reported IFRS, under which:

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

The presentation of the consolidated income statement changes under IFRS 17, including:

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

In addition, as a result of IFRS 17 being adopted and applied, the Group has changed the classification of debt securities under IFRS 9 'Financial Instruments', from FVOCI to FVTPL. IFRS 17 permits financial assets to be classified as FVTPL on transition to IFRS 17 if doing so, eliminates, or significantly reduces, a measurement, or recognition inconsistency.

For the debt securities that support the Group's insurance liabilities this condition is met, as fair value gains or losses on these securities are expected to be offset, to a significant degree, by the impact of changes in the discount rate on the measurement of IFRS 17 liabilities for incurred claims (net of the impact on related reinsurance assets).

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

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

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

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

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

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

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

e) International tax reform – Pillar Two model rules (amendments to IAS 12)

The amendments provide a mandatory temporary exception to the requirements regarding deferred tax assets and liabilities related to Pillar Two income taxes. The application (issued 23 May 2023) of the exception and disclosure of that fact is effective immediately, with the other disclosure requirements effective for annual reporting periods beginning on, or after, 1 January 2023. The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules since: (a) it is UK based, with all revenue being generated solely in the UK; and (b) excluding revenue subject to tonnage tax, the Group's revenue is less than €750m per annum.

2.6 Significant accounting judgements, estimates and assumptions

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

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

Significant judgements

Acc. policy	Items involving judgement	Critical accounting judgement
2.3a	Revenue recognition – identification of performance obligations arising from insurance policies brokered by the Group	Management has exercised judgement in identifying separate performance obligations arising from insurance policies brokered by the Group, namely: • where the insurance contract is also underwritten by the Group, the judgement that the arrangement of the insurance policy is a service (performance obligation) that is distinct from the insurance underwriting service. The revenue allocated to the arrangement performance obligation is recognised earlier than the revenue that is allocated to the insurance underwriting service; and • the judgement that the option to fix the customer's premium at renewal for three-year fixed-price insurance policies is a separate performance obligation to the arrangement of the insurance policy. This results in the deferral of a portion of revenue from policy years one and two to policy years two and three. Please refer to Note 2.3a for further information on the Group's performance obligations relating to revenue recognition.
2.3r	Classification of the Group's risk transfer arrangements as reinsurance contracts	This judgement is now made by applying the principles of IFRS 17 rather than IFRS 4 (the previous international accounting standard for insurance and reinsurance contracts). This has not resulted in any changes to the conclusions reached. The Group's excess of loss and funds-withheld quota share reinsurance arrangements, relating to its motor underwriting line of business, are deemed to transfer significant insurance risk to the reinsurers. They are, therefore, classified as reinsurance contracts under IFRS 17. Separately, the Group had previously entered into contracts to transfer part of the risk arising from the Group's promise to fix the customer's annual premium for three-year fixed-price policies. The Group continues to recognise amounts arising from those contracts. As the underlying promise is not an insurance contract, the contracts that transfer part of the risk arising from the promise are not classified as reinsurance contracts. Instead, they are classified as insurance contracts held, which are not in the scope of IFRS 17.
2.3h	Impairment testing of goodwill and other major classes of assets	*Goodwill* The Group determines whether goodwill needs to be impaired at least annually, and twice-yearly if indicators of impairment exist at the interim reporting date of 31 July. New pricing rules set by the Financial Conduct Authority (**FCA**) came into effect on 1 January 2022, following the conclusion of the General Insurance Pricing Practices market study (**GIPP**) market study. As a result of the impact of the GIPP changes on customer pricing, especially in the highly competitive motor insurance market, there was a fall in policy volumes in the period to 31 July 2022, year to 31 January 2023, period to 31 July 2023 and year to 31 January 2024, with a consequential adverse impact on the profitability of the Insurance business. Management considered this to be an indicator of impairment and therefore conducted full impairment reviews of the Insurance Broking CGU as at 31 July 2022, 31 January 2023, 31 July 2023 and 31 January 2024. As a result of these reviews, management deemed it necessary to impair the goodwill allocated to the Insurance Broking CGU by £269.0m at 31 July 2022, by £68.1m at 31 July 2023 and by £36.8m at 31 January 2024. No further impairment was deemed necessary at 31 January 2023. Given the low materiality of the amounts in question, the Group decided to write off, in full, the £0.5m goodwill arising on acquisition of The Big Window Consulting Limited (**the Big Window**) in the period to 31 July 2022. *Property, plant and equipment* Following the continued impact of the COVID-19 pandemic on the Group's Cruise and Travel operations, management concluded that potential indicators of impairment existed and conducted impairment reviews at 31 July 2022 of the Group's two ocean cruise ships, Spirit of Discovery and Spirit of Adventure. Management considered a range of scenarios and used its judgement to conclude that no impairment was necessary. As at 31 January 2024, 31 July 2023 and 31 January 2023, management did not consider it necessary to conduct an impairment review of the Group's two ocean cruise ships since no new indicators of impairment were identified. Please refer to Note 17 for further detail. In the year ended 31 January 2024, management exercised its judgement in relation to the impairment of plant and equipment assets and performed an impairment review of the recoverable amount of plant and equipment assets used by the Group. As a result of this review, management deemed it necessary to impair plant and equipment assets by £0.1m in the Central Costs division. Please refer to Note 17 for further detail.

Notes to the consolidated financial statements
continued

2.6 Significant accounting judgements, estimates and assumptions continued

Acc. policy	Items involving judgement	Critical accounting judgement
		Right-of-use assets In the years to 31 January 2024 and 31 January 2023, management did not consider it necessary to conduct an impairment review of right-of-use river cruise ship assets, since no indicators of impairment were identified. In the year ended 31 January 2024, management exercised its judgement in relation to the impairment of right-of-use assets used by the Group's Publishing business following a restructuring exercise. As a result of this review, management deemed it necessary to impair long leasehold land and building assets by £0.1m in that business. Please refer to Note 18a for further detail. *Assets held for sale* In the years to 31 January 2024 and 31 January 2023, in light of the Group obtaining updated freehold property market valuation reports, management exercised judgement in relation to the impairment of property assets held for sale. As a consequence of the remeasurement of the properties to the lower of fair value less cost to sell and the carrying value, management concluded that a net impairment charge of £10.4m (2023: £1.2m) should be accordingly recognised. Please refer to Note 38 for further detail. *Intangible assets* In the year ended 31 January 2024, following the cessation of development work and the decision to exit some of the Group's smaller, loss-making activities, management exercised its judgement in relation to the impairment of software assets and performed an impairment review of the recoverable amount of software assets used by the Insurance Broking and Central Costs divisions. As a result of this review, management deemed it necessary to impair software assets by £1.2m in the Insurance Broking business and also impair the software assets in the Central Costs division by £1.9m. Please refer to Note 16b for further detail.
2.3r	Insurance contract liabilities (and related reinsurance contract assets)	*Eligibility of reinsurance contracts for the PAA* Some of the Group's groups of reinsurance contracts have a coverage period of more than 12 months, including the motor quota share arrangement, which has a three-year coverage period. Management has applied judgement in concluding that these groups are eligible for the PAA on the basis that, at initial recognition, it expects that the measurement of the asset for remaining coverage under the PAA would not differ materially to that under the IFRS 17 general measurement model. *Liability for incurred claims* This judgement relates to the estimation of future claims costs in relation to areas of uncertainty. It is relevant to both components of the IFRS 17 liability for incurred claims: • The estimate of the present value of future cash flows • The risk adjustment The approach to determining the risk adjustment within the liability for incurred claims is a key area of judgement. Under IFRS 17 the risk adjustment reflects the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The Group determines the risk adjustment at the level of each IFRS 17 portfolio of insurance contracts, the most material of which is the motor portfolio, using a confidence level technique (also referred to as a Value at Risk (**VaR**) approach). Following this approach, the total liability for incurred claims (net of reinsurance) is set at the 85% confidence level (ultimate basis), with the net risk adjustment being the difference between this total net liability for incurred claims and the net estimate of the present value of future cash flows. The gross risk adjustment is derived in a similar way, with the reinsurance risk adjustment being the difference between the gross and net risk adjustments. This approach, and in particular, the use of the 85% confidence level, results in a risk adjustment that meets the IFRS 17 requirements as a key judgement. As the risk adjustment is determined at the level of each IFRS 17 portfolio, the confidence level referred to above does not reflect diversification of risk across these portfolios. A further key area of judgement relates to the discount rate that is applied to the estimate of future cash flows. Under IFRS 17, the discount rate used should reflect the liquidity characteristics of the insurance liabilities. Assessing the liquidity characteristics of the liabilities requires significant judgement. Management concluded that cash flows relating to the liability for incurred claims are illiquid and, therefore, the discount rate should include an illiquidity premium above the risk-free rate.

Significant estimates

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

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

Acc. policy	Items involving estimation	Sources of estimation uncertainty
2.3ai	Revenue recognition – three-year fixed-price insurance policies	The standalone selling price of the option to fix within the Group's three-year fixed-price insurance policies has been estimated using the expected cost plus a margin approach, as set out in paragraph 79 (b) of IFRS 15. An allowance has also been made for the likelihood that the option will be exercised by factoring in the expected rate of renewal at the first and second renewal dates. The amount of revenue deferred upon initial recognition is, therefore, reduced to the extent that it is estimated that customers will not exercise the option because they either decide not to renew or they make a claim that releases the Group from its obligation to fix the customer price.
2.3f and 2.3i	Useful economic lives and residual values of software, intangible assets and ocean cruise ships	The useful economic lives and residual values of software assets classified as intangible assets (Note 15) and ocean cruise ship assets classified as property, plant and equipment (Note 17) are assessed upon the capitalisation of each asset and, at each reporting date, are based upon the expected consumption of future economic benefits of the asset.
2.3h	Goodwill impairment testing	The Group determines whether goodwill needs to be impaired on an annual basis, or more frequently as required. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, discounted at a suitably risk-adjusted rate to calculate present value. The impact of changes to pricing rules set by the FCA following the completion of the GIPP market study, especially the highly competitive motor insurance market and the adverse impact on profit before tax for the current and prior year, has increased the estimation uncertainty in the Insurance Broking CGU. The outcome of the impairment reviews conducted concluded that impairment charges of £269.0m, £68.1m and £36.8m be recognised against the Group's Insurance Broking CGU as at 31 July 2022, 31 July 2023 and 31 January 2024 respectively. Sensitivity analysis was undertaken to determine the effect of changing the discount rate, the terminal value and future cash flows on the present value calculation, as shown in Note 16a.
2.3h	Impairment of ocean and river cruise ships	Following the continued impact of the COVID-19 pandemic on the Group's operations, management conducted impairment reviews at 31 July 2022 of the Group's two ocean cruise ships, Spirit of Discovery and Spirit of Adventure. Based on these impairment reviews and looking at the probability of a range of outcomes, the Group remained comfortable that there was headroom over and above the carrying value of the two ocean cruise ship assets and, therefore, concluded that no impairment charges were necessary. No impairment indicators were identified in relation to the Group's two ocean cruise ships, or its river cruise ships, as at 31 January 2023 and 31 January 2024 and, therefore, no impairment reviews were conducted at these dates.

Notes to the consolidated financial statements
continued

2.6 Significant accounting judgements, estimates and assumptions continued

Acc. policy	Items involving estimation	Sources of estimation uncertainty
2.3r	Valuation of insurance contract liabilities (and related reinsurance contract assets)	*Estimates of future cash flows to fulfil liabilities for incurred claims* For insurance contracts, estimates have to be made for the expected cost of claims known but not yet settled (case reserves) and for the expected cost of IBNR claims, as at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. The ultimate cost of incurred claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain-Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years. Historical claims development is primarily analysed by accident year, geographical area, significant business line and peril. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the best estimate of the ultimate cost of claims. The estimate of future cash flows arising from PPO liabilities requires an assumption for carer wage inflation. This assumption is currently set at 1.5% above the discount rate applied to liabilities for incurred claims (see below). This assumption will continue to be assessed at future measurement dates. *Discount rate applied to liabilities for incurred claims* All the Group's liabilities for incurred claims (and related reinsurance assets) are discounted. The determination of the discount rate applied to liabilities for incurred claims is an estimate. This discount rate reflects the current risk-free interest rate in the currency of the insurance liabilities, being British Pounds (**GBP**), plus an illiquidity premium. Such a discount rate is not observable and, therefore, must be estimated. The discount rate is estimated by removing from the yield curve of a portfolio of GBP-denominated corporate bonds an estimate of the components of that yield that relate to expected and unexpected credit losses. The portfolio of corporate bonds used reflects the debt securities that the Group holds to support its insurance liabilities. Following this approach, the GBP discount rate curves that were applied to liabilities for incurred claims were as follows: [see table below] The sensitivity of this assumption is shown in Note 20a(iii). *Risk adjustment* The confidence level technique used by the Group to determine the risk adjustment requires estimation of the probability distribution of the present value of future cash flows arising from liabilities for incurred claims, including estimates of possible favourable and unfavourable outcomes. These probability distributions are estimated both gross and net of reinsurance.
2.3u	Valuation of pension benefit obligation	The cost of defined benefit pension plans, and the present value of the pension obligation, are determined using actuarial valuations. Actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. All significant assumptions and estimates involved in arriving at the valuation of the pension scheme obligation are set out in Note 27.

	1 year	3 years	5 years	10 years	20 years	30 years
31 January 2024	4.9%	4.4%	4.1%	4.3%	4.9%	4.9%
31 January 2023	4.2%	4.1%	4.0%	4.1%	4.4%	4.3%

3 Segmental information

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

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

Segment performance is evaluated using the Group's key performance measure of Underlying Profit /(Loss) Before Tax[7]. Items not included within a specific segment relate to transactions that do not form part of the ongoing segment performance or are managed at a Group level.

All revenue is generated solely in the UK.

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

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

7 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Notes to the consolidated financial statements
continued

3 Segmental information continued

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	410.0	32.3	55.4	41.0	4.8	133.5	25.1	(5.1)	563.5
Insurance revenue	–	12.7[8]	–	0.8	164.1	177.6	–	–	177.6
Revenue	**410.0**	**45.0**	**55.4**	**41.8**	**168.9**	**311.1**	**25.1**	**(5.1)**	**741.1**
Cost of sales (non-Insurance Underwriting)	(292.5)	(8.7)	–	7.9	–	(0.8)	(7.8)	–	(301.1)
Gross profit/(loss) (non-Insurance Underwriting)	117.5	23.6	55.4	48.9	4.8	132.7	17.3	(5.1)	262.4
Insurance service expenses	–	(22.0)	–	–	(227.2)	(249.2)	–	–	(249.2)
Net income from reinsurance contracts	–	0.1	–	–	40.1	40.2	–	–	40.2
Insurance service result	**–**	**(9.2)**	**–**	**0.8**	**(23.0)**	**(31.4)**	**–**	**–**	**(31.4)**
Other income	5.0	–	–	–	–	–	–	–	5.0
Administrative and selling expenses	(67.7)	(23.7)	(35.7)	(24.7)	–	(84.1)	(68.3)	4.8	(215.3)
Impairment of assets	–	(1.2)	–	–	(4.1)	(5.3)	(8.4)	(104.9)	(118.6)
Net finance expense from insurance contracts	–	–	–	–	(3.5)	(3.5)	–	–	(3.5)
Net finance income from reinsurance contracts	–	–	–	–	1.9	1.9	–	–	1.9
Net loss on disposal of property, plant and equipment and software	–	(0.1)	–	–	–	(0.1)	(0.4)	–	(0.5)
Investment income	0.8	0.3	–	–	12.1	12.4	2.2	–	15.4
Finance costs	(20.8)	(0.1)	–	–	–	(0.1)	(23.5)	–	(44.4)
Profit/(loss) before tax	**34.8**	**(10.4)**	**19.7**	**25.0**	**(11.8)**	**22.5**	**(81.1)**	**(105.2)**	**(129.0)**
Reconciliation to Underlying Profit/(Loss) Before Tax[9]									
Profit/(loss) before tax	**34.8**	**(10.4)**	**19.7**	**25.0**	**(11.8)**	**22.5**	**(81.1)**	**(105.2)**	**(129.0)**
Net fair value loss on derivative financial instruments	1.4	–	–	–	–	–	–	–	1.4
Impairment of goodwill	–	–	–	–	–	–	–	104.9	104.9
Impairment/loss on disposal of assets	–	1.2	–	–	1.9	3.1	8.8	–	11.9
Amortisation of fees and costs on Roger De Haan loan	–	–	–	–	–	–	0.4	–	0.4
Restructuring costs	3.4	3.8	–	–	1.4	5.2	31.7	–	40.3
Acquisition and disposal costs relating to the Big Window	–	–	–	–	–	–	–	0.3	0.3
Foreign exchange movement on lease liabilities	(0.6)	–	–	–	–	–	–	–	(0.6)
Fair value gains on debt securities	–	–	–	–	(3.5)	(3.5)	–	–	(3.5)
Changes in underwriting discount rates on non-PPO liabilities	–	–	–	–	(1.0)	(1.0)	–	–	(1.0)
Onerous contract provision	–	0.5	–	–	11.6	12.1	–	–	12.1
Ocean Cruise discretionary ticket refunds and associated costs	1.0	–	–	–	–	–	–	–	1.0
Underlying Profit/ (Loss) Before Tax[9]	**40.0**	**(4.9)**	**19.7**	**25.0**	**(1.4)**	**38.4**	**(40.2)**	**–**	**38.2**

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

9 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

2023 (restated[10])	Cruise and Travel £m	Insurance: Motor broking £m	Insurance: Home broking £m	Insurance: Other broking £m	Insurance: Under-writing £m	Insurance: Total £m	Other Businesses and Central Costs £m	Adjustments £m	Total £m
Non-insurance revenue	305.5	45.8	57.6	44.4	(2.4)	145.4	24.3	(4.5)	470.7
Insurance revenue	–	31.2[11]	–	0.9	160.9	193.0	–	–	193.0
Revenue	**305.5**	**77.0**	**57.6**	**45.3**	**158.5**	**338.4**	**24.3**	**(4.5)**	**663.7**
Cost of sales (non-Insurance Underwriting)	(242.5)	(4.0)	–	4.5	–	0.5	(6.5)	–	(248.5)
Gross profit/(loss) (non-Insurance Underwriting)	**63.0**	**41.8**	**57.6**	**48.9**	**(2.4)**	**145.9**	**17.8**	**(4.5)**	**222.2**
Insurance service expenses	–	(32.5)	–	–	(183.3)	(215.8)	–	–	(215.8)
Net (expense)/income from reinsurance contracts	–	(0.1)	–	–	27.4	27.3	–	–	27.3
Insurance service result	**–**	**(1.4)**	**–**	**0.9**	**5.0**	**4.5**	**–**	**–**	**4.5**
Administrative and selling expenses	(57.5)	(19.4)	(35.1)	(22.7)	–	(77.2)	(52.2)	4.5	(182.4)
Impairment of assets	–	–	–	–	(1.2)	(1.2)	(0.5)	(269.5)	(271.2)
Net finance income from insurance contracts	–	–	–	–	8.2	8.2	–	–	8.2
Net finance expense from reinsurance contracts	–	–	–	–	(3.7)	(3.7)	–	–	(3.7)
Net profit on disposal of software	–	0.1	–	–	–	0.1	–	–	0.1
Investment loss	–	–	–	–	(7.5)	(7.5)	(2.2)	–	(9.7)
Finance costs	(20.2)	–	–	–	–	–	(22.0)	–	(42.2)
Finance income	1.4	–	–	–	–	–	0.1	–	1.5
(Loss)/profit before tax	**(13.3)**	**21.1**	**22.5**	**27.1**	**(1.6)**	**69.1**	**(59.0)**	**(269.5)**	**(272.7)**
Reconciliation to Underlying (Loss)/Profit Before Tax[12]									
(Loss)/profit before tax	**(13.3)**	**21.1**	**22.5**	**27.1**	**(1.6)**	**69.1**	**(59.0)**	**(269.5)**	**(272.7)**
Net fair value gain on derivative financial instruments	(1.4)	–	–	–	–	–	–	–	(1.4)
Impairment of goodwill	–	–	–	–	–	–	–	269.5	269.5
Impairment of assets	–	–	–	–	0.6	0.6	0.5	–	1.1
Restructuring costs	2.2	–	–	–	–	–	1.5	–	3.7
Acquisition costs relating to the Big Window	–	–	–	–	–	–	0.2	–	0.2
Foreign exchange movement on lease liabilities	2.0	–	–	–	–	–	–	–	2.0
Fair value losses on debt securities	–	–	–	–	15.0	15.0	–	–	15.0
Changes in underwriting discount rates on non-PPO liabilities	–	–	–	–	(6.3)	(6.3)	–	–	(6.3)
Onerous contract provision	–	0.8	–	–	3.0	3.8	–	–	3.8
IFRS 16 lease accounting adjustment on river cruise vessels	0.6	–	–	–	–	–	–	–	0.6
Underlying (Loss)/Profit Before Tax[12]	**(9.9)**	**21.9**	**22.5**	**27.1**	**10.7**	**82.2**	**(56.8)**	**–**	**15.5**

10 For details of the restatement, please see Notes 2.5, 19a and 28

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

12 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Notes to the consolidated financial statements
continued

3 Segmental information continued

Analysis of total assets less liabilities by segment:

	2024 £m	2023 (restated[13]) £m
Cruise and Travel	89.3	93.7
Insurance	37.0	53.6
Other Businesses and Central Costs	152.6	167.9
Adjustments	(55.4)	50.2
	223.5	**365.4**

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

	2024 £m	2023 £m
Goodwill (Note 14)	344.7	449.6
Bonds	(400.1)	(399.4)
	(55.4)	**50.2**

a) Disaggregation of revenue

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

	2024						
		Insurance					
Major product lines	**Cruise and Travel £m**	**Underwriting £m**	**Broking £m**	**Other revenue £m**	**Total Insurance £m**	**Other Businesses and Central Costs £m**	**Total £m**
Ocean Cruise	210.0						210.0
River Cruise and Travel	200.0						200.0
Motor broking		12.7	32.3	–	45.0		45.0
Home broking		–	55.4	–	55.4		55.4
Other broking		0.8	41.0	–	41.8		41.8
Insurance Underwriting		164.1	–	4.8	168.9		168.9
Money						6.4	6.4
Publishing and CustomerKNECT						12.5	12.5
Other						1.1	1.1
	410.0	**177.6**	**128.7**	**4.8**	**311.1**	**20.0**	**741.1**

	2023 (restated[13])						
		Insurance					
Major product lines	Cruise and Travel £m	Underwriting £m	Broking £m	Other Revenue £m	Total Insurance £m	Other Businesses and Central Costs £m	Total £m
Ocean Cruise	168.3						168.3
River Cruise and Travel	137.2						137.2
Motor broking		31.2	45.8	–	77.0		77.0
Home broking		–	57.6	–	57.6		57.6
Other broking		0.9	44.4	–	45.3		45.3
Insurance Underwriting		160.9	–	(2.4)	158.5		158.5
Money						7.9	7.9
Publishing and CustomerKNECT						10.3	10.3
Other						1.6	1.6
	305.5	193.0	147.8	(2.4)	338.4	19.8	663.7

Included in Insurance Broking revenue is instalment interest income on premium financing of £6.7m (2023: £6.1m (restated[13])).

13 For details of the restatement, please see Notes 2.5, 19a and 28

b) Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers as accounted for under IFRS 15 (the amounts stated here are not insurance acquisition cash flow assets accounted for under IFRS 17):

	2024 £m	2023 (restated[14]) £m
Contract cost assets (Note 23)	3.6	2.5
Contract liabilities (Note 29)	159.8	126.5

The contract cost assets relate to commissions paid to price-comparison websites to acquire new business policies not underwritten by the Group.

Management expects that incremental commission fees paid to price-comparison websites, as a result of obtaining insurance contracts, are recoverable. The Group has, therefore, capitalised them as contract assets amounting to £2.8m for the year ended 31 January 2024 (2023: £1.7m). These fees are amortised over the period of the expected renewal cycle. In the year to 31 January 2024, the amount of amortisation was £1.7m (2023: £1.8m) and there was no impairment loss in relation to the costs capitalised.

Applying the practical expedient in paragraph 94 of IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

The contract liabilities relate to the deferral of revenue for performance obligations not satisfied, as at 31 January 2024, and comprise the advance consideration received from customers for holidays or cruises booked, but not travelled; and insurance premiums street pricing adjustments received in advance of the cover start date (where the policy is not underwritten by the Group). There was no revenue recognised in the current reporting year that related to performance obligations that were satisfied in a prior year.

Significant changes in the contract cost assets and the contract liabilities during the year are as follows:

	2024		2023	
	Contract cost assets £m	Contract liabilities £m	Contract cost assets £m	Contract liabilities (restated[14]) £m
Balance as at 1 February (restated[14])	2.5	126.5	2.6	118.1
Released to the income statement in the year	(1.7)	(376.1)	(1.8)	(249.1)
Additional contract balances incurred during the year	2.8	444.9	1.7	272.2
Amounts refunded to customers	–	(35.4)	–	(14.7)
Disposed of with subsidiary undertaking (Note 13c)	–	(0.1)	–	–
Balance as at 31 January	**3.6**	**159.8**	**2.5**	**126.5**

c) Transaction price allocated to the remaining performance obligations

The transaction price allocated to three-year fixed-price insurance policy renewal options, where the remaining performance obligations are not expected to be satisfied within the next 12 months, is £2.0m (2023: £2.0m (restated[14])). This is expected to be recognised as revenue in the subsequent one to three years.

The transaction price allocated to customer contracts within the Cruise and Travel segment, where the remaining performance obligations are not expected to be satisfied within the next 12 months, is £1.7m (2023: £1.4m). This is expected to be recognised as revenue in the subsequent one to two years.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

d) Other income

An amount of £5.0m (2023: nil) was received by the Group from an insurance company as compensation for refunds paid to customers resulting from curtailment and cancellation of an ocean cruise.

14 For details of the restatement, please see Notes 2.5, 19a and 28

Notes to the consolidated financial statements
continued

4 Administrative and selling expenses

	2024 £m	2023 (restated[15]) £m
Staff costs (excluding restructuring costs)	93.3	82.7
Marketing and fulfilment costs	39.6	41.0
Short-term lease rentals	0.2	0.1
Auditors' remuneration	2.5	2.1
Other administrative costs	48.6	41.0
Depreciation – property, plant and equipment (Note 17)	1.0	1.7
Depreciation – right-of-use assets (Note 18)	2.0	1.1
Amortisation of intangible assets (Note 15)	7.5	8.1
Restructuring costs	19.5	3.7
	214.2	**181.5**

Administrative and selling expenses relate to the non-Insurance Underwriting businesses.

a) Auditors' remuneration

	2024 £m	2023 £m
Audit of the parent company and consolidated financial statements	1.0	0.6
Audit of subsidiary financial statements	1.2	1.3
Audit-related assurance services	0.3	0.2
Total auditors' remuneration	**2.5**	**2.1**

5 Impairment of non-financial assets

a) Impairments during the year ended 31 January 2024

During the year ended 31 January 2024, the Group impaired the carrying value of the goodwill balance allocated to the Insurance Broking CGU by £104.9m (Note 14).

The Group has impaired software in its Insurance Broking and Central Costs divisions by £1.9m and £1.2m respectively, totalling £3.1m (Note 15).

Furthermore, the Group concluded that an impairment charge of £0.1m (Note 17) to plant and equipment assets was required in the Group's Central Costs division, and that an impairment charge of £0.1m (Note 18) to right-of-use assets was required in the Group's Publishing division.

In light of the Group obtaining updated freehold property market valuation reports, management also impaired assets held for sale by £10.4m (Note 38).

b) Impairments during the year ended 31 January 2023

During the year ended 31 January 2023, the Group impaired the carrying value of the goodwill balance allocated to the Insurance Broking CGU by £269.0m.

In addition, following the acquisition of the Big Window (Note 13b), the goodwill arising on the transaction of £0.5m was immediately impaired in full (Note 14).

Following management's decision to vacate most of its properties, the Group also impaired the carrying value of the property, plant and equipment balance by £0.5m (Note 17) and the carrying value of property assets classified as held for sale by £1.2m (Note 38).

15 For details of the restatement, please see Notes 2.5, 19a and 28

6 Investment income/(loss)

	2024			2023 (restated[16])		
	Financial assets held within the Insurance Underwriting business £m	**Other financial assets £m**	**Total £m**	Financial assets held within the Insurance Underwriting business £m	Other financial assets £m	Total £m
Interest income recognised using the EIR method on FVTPL financial assets	5.3	6.2	11.5	4.6	1.1	5.7
Interest income earned on financial assets measured at amortised cost	–	0.4	0.4	–	–	–
Losses on financial assets mandatorily measured at FVTPL	–	–	–	(0.3)	–	(0.3)
Gains/(losses) on financial assets designated as FVTPL	3.5	–	3.5	(15.1)	–	(15.1)
	8.8	**6.6**	**15.4**	**(10.8)**	**1.1**	**(9.7)**

7 Finance costs

	2024 £m	2023 £m
Interest and charges on debt and borrowings using the EIR method	40.2	41.0
Net fair value loss on derivative financial instruments	1.4	–
Net finance costs on retirement benefit schemes	0.5	–
Debt issue costs	0.4	–
Net interest and finance charges payable on lease liabilities	1.9	1.2
	44.4	**42.2**

8 Finance income

	2024 £m	2023 £m
Net fair value gain on derivative financial instruments	–	1.4
Net finance income on retirement benefit schemes	–	0.1
	–	**1.5**

9 Directors and employees

Amounts charged to the income statement for the year are as follows:

	2024 £m	2023 £m
Wages and salaries	136.8	112.1
Social security costs	13.2	10.0
Pension costs (Note 27)	11.6	9.9
Total staff costs	**161.6**	**132.0**

Staff costs (including restructuring and redundancy costs) of £47.0m (2023: £43.2m (restated[16])), £112.8m (2023: £86.4m (restated[16])) and £1.8m (2023: £2.4m (restated[16])) have been allocated to cost of sales, to administrative and selling expenses, and insurance service expenses respectively. Staff costs above exclude share-based payment charges of £3.4m (2023: £3.9m). Further details on share-based payments can be found in Note 36.

16 For details of the restatement, please see Notes 2.5, 19a and 28

Notes to the consolidated financial statements
continued

9 Directors and employees continued

Average monthly number of employees:

	2024 number	2023 number
Cruise and Travel	2,034	2,261
Insurance	1,468	1,704
Other Businesses and Central Costs	382	554
Total employee numbers	**3,884**	**4,519**

Directors' remuneration

The information required by the Companies Act 2006 and the Listing Rules of the FCA is contained on pages 74-91 in the Directors' Remuneration Report.

Compensation of key management personnel of the Group

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and comprise the Directors of the Company and the Operating Board.

The amounts recognised as an expense during the financial year in respect of key management personnel are as follows:

	2024 £m	2023 £m
Short-term benefits	7.1	6.4
Termination costs	1.9	0.1
Post-employment benefits	0.1	–
Share-based payments	1.1	1.6
	10.2	**8.1**

10 Tax

The major components of the income tax expense are:

	2024 £m	2023 (restated[17]) £m
Consolidated income statement		
Current income tax		
Current income tax charge	–	1.1
Adjustments in respect of previous years	(3.6)	(0.4)
	(3.6)	0.7
Deferred tax		
Relating to origination and reversal of temporary differences	(11.5)	(1.5)
Adjustments in respect of previous years	(0.9)	1.2
	(12.4)	(0.3)
Tax (credit)/expense in the income statement	**(16.0)**	**0.4**

17 For details of the restatement, please see Notes 2.5, 19a and 28

Reconciliation of tax (credit)/expense to loss before tax, multiplied by the UK corporation tax rate:

	2024 £m	2023 (restated[18]) £m
Loss before tax	(129.0)	(272.7)
Tax at rate of 24.0% (2023: 19.0%)	(31.0)	(51.8)
Adjustments in respect of previous years	(4.5)	0.8
Expenses not deductible for tax purposes:		
Effect of Ocean Cruise business being in tonnage tax regime	(8.2)	–
Impairment of goodwill	25.2	51.2
Rate change adjustment on temporary differences	(0.5)	(0.1)
Other non-deductible expenses/non-taxed income	3.0	0.3
Tax (credit)/expense in the income statement	**(16.0)**	**0.4**

The Group's tax credit for the year was £16.0m (2023: £0.4m expense (restated[18])) representing a tax effective rate of 66.4% before the impairment of goodwill (2023: negative 12.5% (restated[18])).

Adjustments in respect of previous years includes an adjustment for the over-provision of tax in prior years of £4.5m credit (2023: £0.8m expense (restated[18])), which includes £3.2m (2023: £nil) of repayments from HM Revenue & Customs in respect of the years ended 31 January 2019 and 31 January 2020.

Deferred tax

	Consolidated statement of financial position		Consolidated income statement	
	2024 £m	2023 (restated[18]) £m	2024 £m	2023 (restated[18]) £m
Excess of depreciation over capital allowances	4.1	3.2	(0.9)	1.2
Retirement benefit scheme liabilities	12.0	3.0	1.3	1.5
Short-term temporary differences:				
– Designated hedges recognised through OCI	0.3	(0.3)	–	–
– Share-based payment reserve	2.3	2.0	(0.3)	(0.4)
– General bad debt provision	1.0	0.6	(0.4)	1.0
– Capitalised borrowing costs	(2.5)	(2.6)	(0.1)	(0.2)
– IFRS 16 transition adjustments	1.8	1.2	(0.6)	0.2
– IFRS 17 transition adjustments	4.9	5.4	0.5	(4.6)
– Current year corporation tax losses	9.7	–	(9.7)	–
– Other	1.2	(1.0)	(2.2)	1.0
Deferred tax credit			**(12.4)**	**(0.3)**
Net deferred tax assets	**34.8**	**11.5**		

18 For details of the restatement, please see Notes 2.5, 19a and 28

Notes to the consolidated financial statements
continued

10 Tax continued

Deferred tax is reflected in the statement of financial position as follows:

	2024 £m	2023 (restated[19]) £m
Deferred tax assets	49.4	20.8
Deferred tax liabilities	(14.6)	(9.3)
Net deferred tax assets	**34.8**	**11.5**

Reconciliation of net deferred tax assets

	2024 £m	2023 (restated[19]) £m
At 1 February	**11.5**	**7.2**
Tax credit recognised in the income statement	12.4	0.3
Tax credit recognised in OCI	10.9	4.0
At 31 January	**34.8**	**11.5**

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

11 Dividends

The Board of Directors does not recommend the payment of a final dividend for the 2023/24 financial year (2023: nil pence per share). For the current and prior year, no interim or final dividends were declared, or paid, during the year.

The distributable reserves of Saga plc are £407.6m deficit as at 31 January 2024, which are equal to the retained earnings reserve. If necessary, its subsidiary companies hold significant reserves from which a dividend could be paid. Subsidiary distributable reserves are available immediately, with the exception of companies within the River Cruise, Travel and Insurance Underwriting businesses, which require regulatory approval before any dividends can be declared and paid. Under the terms of the ship debt facilities, dividends remain restricted until the ship debt principal repayments that were deferred as part of the ship debt repayment holiday are fully repaid (Note 30). In addition, under the terms of the RCF, dividends also remain restricted.

19 For details of the restatement, please see Notes 2.5, 19a and 28

12 Loss per share

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

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

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

	2024 £m	2023 (restated[20]) £m
Loss attributable to ordinary equity holders	(113.0)	(273.1)
Weighted average number of ordinary shares	'm	'm
Ordinary shares as at 1 February	139.5	139.5
Deferred Bonus Plan (**DBP**) share options exercised	0.1	–
Restricted Share Plan (**RSP**) share options exercised	0.2	–
Ordinary shares as at 31 January	139.8	139.5
Weighted average number of ordinary shares for basic loss per share and diluted loss per share	139.8	139.5
Basic loss per share	**(80.8p)**	**(195.7p)**
Diluted loss per share	**(80.8p)**	**(195.7p)**

The table below reconciles between basic loss per share and Underlying Basic Earnings Per Share[21]:

	2024	2023 (restated[20])
Basic loss per share	(80.8p)	(195.7p)
Adjusted for:		
Net fair value loss/(gain) on derivative financial instruments	0.8p	(1.2p)
Impairment, and net loss on disposal, of assets	6.8p	0.9p
Impairment of Insurance goodwill	75.0p	192.8p
Acquisition and disposal costs relating to the Big Window (Notes 13b and 13c)	0.2p	0.5p
Onerous contract provision	6.9p	3.2p
Amortisation of fees and costs on Roger De Haan loan	0.2p	–
Foreign exchange movement on lease liabilities	(0.4p)	1.7p
Fair value (gains)/losses on debt securities	(2.0p)	12.4p
Changes in underwriting discount rates on non-PPO liabilities	(0.6p)	(5.3p)
Restructuring costs	23.3p	3.1p
Ocean Cruise discretionary ticket refunds and associated costs	0.6p	–
IFRS 16 lease accounting adjustment on river cruise vessels	–	0.5p
Underlying Basic Earnings Per Share[21]	**30.0p**	**12.9p**

20 For details of the restatement, please see Notes 2.5, 19a and 28

21 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

Notes to the consolidated financial statements
continued

13 Business combinations and disposals

a) Acquisitions during the year ended 31 January 2024

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

b) Acquisitions during the year ended 31 January 2023

On 16 February 2022, the Group acquired the Big Window, a specialist research and insight business focusing on ageing.

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

	2023 £m
Assets	
Trade and other receivables	0.1
Cash	1.3
Total assets	1.4
Liabilities	
Trade and other payables	0.1
Corporation tax liability	0.1
Total liabilities	0.2
Total identifiable net assets at fair value	**1.2**
Goodwill arising on acquisition	0.5
Cash purchase consideration transferred	**1.7**

The purchase consideration of £1.7m was settled in cash. In addition to the £1.7m cash purchase consideration transferred as part of the purchase agreement, the Group granted a £0.5m share-based payment arrangement that was transferred in cash to the Group's share administrators on the date of completion. Cash of £1.3m was acquired with the Big Window, resulting in a net cash outflow of £0.9m. The resultant goodwill of £0.5m recognised on acquisition was fully written off in the year to 31 January 2023 (Note 16a).

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

c) Disposals

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

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

	2024 £m
Cash consideration received	–
Cash and short-term deposits disposed of as part of the transaction	–
Carrying value of net liabilities disposed	–
Loss on disposal before tax	–
Tax expense on gain	–
Loss on disposal after tax	**–**

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

	At date of disposal £m
Assets	
Trade and other receivables	0.1
Cash	–
Total assets	0.1
Liabilities	
Contract liabilities	0.1
Total liabilities	0.1
Net liabilities disposed	**–**

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

14 Goodwill

	Goodwill £m
Cost	
At 1 February 2022	1,471.4
Acquisition of a subsidiary (Note 13b)	0.5
At 31 January 2023	1,471.9
Disposal of a subsidiary (Note 13c)	(0.5)
Adjustment relating to the disposal of a subsidiary in a prior year	(13.0)
At 31 January 2024	**1,458.4**
Impairment	
At 1 February 2022	752.8
Charge for the year (Note 16a)	269.5
At 31 January 2023	1,022.3
Charge for the year (Note 16a)	104.9
Disposal of a subsidiary (Note 13c)	(0.5)
Adjustment relating to the disposal of a subsidiary in a prior year	(13.0)
At 31 January 2024	**1,113.7**
Net book value	
At 31 January 2024	**344.7**
At 31 January 2023	449.6

Goodwill deductible for tax purposes amounts to £nil (2023: £nil).

The adjustment relating to the disposal of a subsidiary in a prior year relates to Destinology Limited, in the year ended 31 January 2021. At the date of disposal of the company, the net book value of the goodwill asset relating to it was £nil, being the original cost of £13.0m, less an historic impairment of £13.0m. The impact of this disposal on the Group's cumulative cost and impairment balances carried forward, as at 31 January 2021, was not reflected at the time.

Notes to the consolidated financial statements
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15 Intangible assets

	Software £m
Cost	
At 1 February 2022	108.9
Additions and internally developed software	13.4
Disposals	(7.3)
At 31 January 2023	115.0
Additions and internally developed software	**21.7**
Disposals	**(18.6)**
At 31 January 2024	**118.1**
Amortisation and impairment	
At 1 February 2022	61.8
Amortisation	9.2
Disposals	(7.3)
At 31 January 2023	63.7
Amortisation	**8.9**
Impairment of assets (Note 16b)	**3.1**
Disposals	**(18.3)**
At 31 January 2024	**57.4**
Net book value	
At 31 January 2024	**60.7**
At 31 January 2023	51.3

The net book value of software at 31 January 2024 includes internally generated software of £26.4m (2023: £26.2m) relating to Guidewire (the Group's Insurance Broking, policy administration and billing platform), including additions in the year of £3.5m (2023: £3.0m). The Guidewire platform has an expected useful economic life of 13 years, with seven years of phase one expenditure remaining at 31 January 2024. During the year, the useful economic life of the Guidewire platform was extended from 10 years to 13 years, ending on 30 April 2031, to align with all product elements that are being moved across to the platform. Implementation, and the commencement, of amortisation of the Guidewire platform is on a phased basis, based on product re-platforming, and began in the year ended 31 January 2019.

The net book value of software at 31 January 2024 also includes internally generated software of £1.7m (2023: £2.0m) relating to Tigerbay (the Group's travel booking reservation system) including additions in the year of £nil (2023: £nil). The Tigerbay platform has an expected useful economic life of 10 years, with five years of phase one expenditure remaining at 31 January 2024. Implementation, and the commencement of amortisation of the Tigerbay platform, is on a phased basis, based on product re-platforming, and began in the year ended 31 January 2020.

The amortisation charge for the year is analysed as follows:

	2024 £m	2023 £m
Cost of sales	1.4	1.1
Administrative and selling expenses (Note 4)	7.5	8.1
	8.9	**9.2**

During the year, the Group disposed of assets with a net book value of £0.3m (2023: £nil). The loss arising on disposal was £0.3m (2023: £0.1m profit).

16 Impairment of intangible assets

a) Goodwill

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

	2024 £m	2023 £m
Insurance Broking	344.7	449.6
	344.7	**449.6**

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

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

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

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

The Group has also considered the impact of downside stresses, both in terms of adverse impacts to the cash flow projections and to the discount rate. For the cash flow stress test, the Group has modelled the impact of a more prudent outlook on the current competitive challenges seen in the insurance broking market, in combination with a more cautious nominal terminal growth rate of 1.5% (July 2023: 1.5%; January 2023: 1.5%), reflecting a more conservative outlook for growth in the UK economy. For the discount rate stress test, the Group applied risk premia of +0.2ppt at 31 January 2024 (July 2023: +0.7ppt; January 2023: +1.3ppt).

Notes to the consolidated financial statements
continued

16 Impairment of intangible assets continued

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

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

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

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

The headroom calculated is sensitive to the discount rate and terminal growth rate assumed, and to changes in the projected cash flows of the CGU. Increased inflationary pressures on claims, the evolving market response to the regulatory changes introduced in early 2022 and, in particular, the extent to which market prices move against Saga in a period of heightened global economic uncertainty, combine to increase the range of possible cash flow outcomes in management's modelling. A quantitative sensitivity analysis for each of these as at 31 January 2024, and its impact on the base scenario headroom against the carrying value of goodwill at the time of the review of £381.5m, is as follows:

	Pre-tax discount rate		Terminal growth rate		Cash flow (annual)	
	+1.0ppt £m	**-1.0ppt £m**	**+1.0ppt £m**	**-1.0ppt £m**	**+10% £m**	**-10% £m**
Insurance Broking	(28.2)	33.9	30.8	(24.7)	32.0	(32.0)

In the prior year, goodwill of £0.5m arising on the acquisition of the Big Window was immediately impaired in full (Note 13b).

b) Other intangible assets

Separately identifiable intangible assets are valued, and their appropriate useful lives established, at the time of acquisition. The carrying values of these assets, and their remaining useful lives, are reviewed annually for indicators of impairment.

Management has assessed the recoverable amount of software assets as at 31 January 2024 and concluded that impairments of £1.9m and £1.2m respectively, totalling £3.1m (Note 15), were required in the Group's Insurance Broking and Central Costs divisions.

In the year to 31 January 2023, management did not identify any indicators of impairment relating to other intangible assets.

17 Property, plant and equipment

	Freehold land and buildings £m	Long leasehold land and buildings £m	Ocean cruise ships £m	Plant and equipment £m	Total £m
Cost					
At 1 February 2022	15.1	9.5	650.5	46.2	721.3
Additions	–	–	6.5	1.7	8.2
Disposals	–	–	(0.5)	(9.1)	(9.6)
Transfer of asset class	–	–	(0.1)	0.1	–
Reclassification to assets held for sale (Note 38)	(14.7)	(4.3)	–	(4.3)	(23.3)
At 31 January 2023	0.4	5.2	656.4	34.6	696.6
Additions	**–**	**–**	**0.7**	**1.4**	**2.1**
Disposals	**–**	**(0.4)**	**–**	**(13.1)**	**(13.5)**
Reclassification from assets held for sale (Note 38)	**–**	**4.1**	**–**	**–**	**4.1**
At 31 January 2024	**0.4**	**8.9**	**657.1**	**22.9**	**689.3**
Depreciation and impairment					
At 1 February 2022	2.4	5.9	29.2	37.3	74.8
Provided during the year	0.2	0.2	20.5	2.6	23.5
Impairment of assets	–	–	–	0.5	0.5
Disposals	–	–	(0.3)	(9.1)	(9.4)
Reclassification to assets held for sale (Note 38)	(2.2)	(0.9)	–	(0.7)	(3.8)
At 31 January 2023	0.4	5.2	49.4	30.6	85.6
Provided during the year	**–**	**0.1**	**21.0**	**1.7**	**22.8**
Impairment of assets	**–**	**–**	**–**	**0.1**	**0.1**
Disposals	**–**	**(0.4)**	**–**	**(12.9)**	**(13.3)**
Reclassification from assets held for sale (Note 38)	**–**	**0.7**	**–**	**–**	**0.7**
At 31 January 2024	**0.4**	**5.6**	**70.4**	**19.5**	**95.9**
Net book value					
At 31 January 2024	**–**	**3.3**	**586.7**	**3.4**	**593.4**
At 31 January 2023	–	–	607.0	4.0	611.0

The depreciation charge for the year is analysed as follows:

	2024 £m	2023 (restated[22]) £m
Cost of sales	21.8	21.8
Administrative and selling expenses (Note 4)	1.0	1.7
	22.8	**23.5**

During the year, the Group disposed of assets with a net book value of £0.2m (2023: £0.2m). The loss arising on disposal was £0.2m (2023: £nil).

22 For details of the restatement, please see Notes 2.5, 19a and 28

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17 Property, plant and equipment continued

Impairment review of property, plant and equipment

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

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

Potential environmental regulatory changes were also considered as part of this assessment. The shipping industry has made a commitment to reduce CO_2 emissions by 40% by 2030 (from a 2008 baseline), and the UK Government has made commitments to reach net zero emissions by 2050. The EEXI and CII regulations were introduced internationally in 2023 to enable the industry to meet the 2030 target and both of Saga's ocean cruise ships meet the requirements of these regulations. The end of their useful economic lives of 30 years will have been reached by 2049 in the case of Spirit of Discovery and 2051 in the case of Spirit of Adventure.

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

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

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

	Headroom £m	
	Base scenario	Lower trading stress test scenario
Spirit of Discovery	169.0	146.5
Spirit of Adventure	114.7	91.6

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

Subsequent to 31 July 2022, further COVID-19 restrictions were lifted for cruise passengers and the business returned to fully operational conditions. Discount rates have risen, but not to the extent that they materially change the headroom in the impairment calculation. The Directors, therefore, concluded that there were no additional indicators of impairment at 31 January 2024 and 31 January 2023 and, accordingly, no further impairment review was deemed necessary.

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

As the Group planned to vacate its properties (Note 38), management concluded that this constituted an indicator of impairment and duly conducted an impairment review as at 31 January 2023 of the Group's freehold and long leasehold land and buildings, and related fixtures and fittings. In relation to these freehold and long leasehold properties, value-in-use is negligible and so the Group obtained market valuations to determine the fair value of each building. The outcome of these impairment reviews concluded that an impairment charge totalling £0.5m relating to fixtures and fittings should be recognised against the Group's assets as at 31 January 2023. At 31 January 2023, the Group reclassified assets with a net book value of £19.5m to assets held for sale (Note 38).

During the current year, the Group declassified one of the properties classified as held for sale at 31 January 2023 to property, plant and equipment since it was no longer being actively marketed for disposal (Note 38). The carrying value of this property as at 31 January 2023 was £3.4m.

18 Right-of-use assets

	Long leasehold land and buildings £m	River cruise ships £m	Plant and equipment £m	Total £m
Cost				
At 1 February 2022	1.6	33.5	6.6	41.7
Additions	0.5	21.5	3.6	25.6
Disposals	–	–	(1.6)	(1.6)
Effect of reassessment of lease terms	–	(22.5)	–	(22.5)
At 31 January 2023	2.1	32.5	8.6	43.2
Additions	**1.9**	**1.5**	**2.5**	**5.9**
Disposals	**–**	**(11.5)**	**–**	**(11.5)**
At 31 January 2024	**4.0**	**22.5**	**11.1**	**37.6**
Depreciation and impairment				
At 1 February 2022	0.1	0.7	4.9	5.7
Provided during the year	0.4	7.4	1.1	8.9
Disposals	–	–	(1.6)	(1.6)
Effect of reassessment of lease terms	–	(0.5)	–	(0.5)
At 31 January 2023	0.5	7.6	4.4	12.5
Provided during the year	**0.8**	**9.2**	**1.9**	**11.9**
Impairment of assets	**0.1**	**–**	**–**	**0.1**
Disposals	**–**	**(11.5)**	**–**	**(11.5)**
At 31 January 2024	**1.4**	**5.3**	**6.3**	**13.0**
Net book value				
At 31 January 2024	**2.6**	**17.2**	**4.8**	**24.6**
At 31 January 2023	1.6	24.9	4.2	30.7

The depreciation charge for the year is analysed as follows:

	2024 £m	2023 £m
Cost of sales	9.9	7.8
Administrative and selling expenses (Note 4)	2.0	1.1
	11.9	**8.9**

During the year, the Group disposed of assets with a net book value of £nil (2023: £nil). The profit arising on disposal was £nil (2023: £nil). The total cash outflow for leases amounted to £13.6m (2023: £9.1m).

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

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

a) Impairment review of right-of-use assets

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

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

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19 Financial assets and financial liabilities

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of the loans and borrowings financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include debt securities, money market funds held within the Insurance business, loan funds, trade and other receivables, and cash and short-term deposits. The Group also enters into derivative transactions such as foreign exchange forward contracts, and fuel and gas oil swaps to manage its exposure to various risks.

a) Financial assets

	2024 £m	2023 (restated[23]) £m
FVTPL		
Foreign exchange forward contracts	–	0.4
Loan funds	–	5.9
Money market funds	32.8	19.6
Debt securities[23]	219.1	254.4
	251.9	**280.3**
FVTPL designated in a hedging relationship		
Foreign exchange forward contracts	–	2.1
Fuel oil swaps	0.3	–
	0.3	**2.1**
Total financial assets	**252.2**	**282.4**
Current	74.1	62.8
Non-current	178.1	219.6
	252.2	**282.4**

	2024 £m	2023 (restated[24]) £m
Total financial assets (as above and presented on the face of the statement of financial position)	252.2	282.4
Trade receivables (Note 23)	81.4	78.7
Other receivables (Note 23)	12.2	23.4
Cash and short-term deposits (Note 25)	188.7	176.5
Total financial assets (including cash and short-term deposits, trade and other receivables)	**534.5**	**561.0**

Debt securities, loan funds and money market funds relate to monies held by the Group's Insurance Underwriting business, are subject to contractual restrictions and are not readily available to be used for other purposes within the Group.

All financial assets that are measured at FVTPL are mandatorily measured at FVTPL, with the exception of debt securities which are designated as FVTPL.

23 As a result of the adoption of IFRS 17 during the current year, the Group has changed classification of debt securities under IFRS 9 from FVOCI, to FVTPL, with effect from 1 February 2022. This change applies to the whole amount of debt securities shown in the table. IFRS 17 permits financial assets to be classified as FVTPL on transition to IFRS 17 if doing so eliminates, or significantly reduces, a measurement or recognition inconsistency. For the debt securities that support the Group's insurance liabilities, this condition is met as fair value gains or losses on these securities are expected to be offset, to a significant degree, by the impact of changes in the discount rate on the measurement of IFRS 17 liabilities for incurred claims (net of the impact on related reinsurance assets)

24 For details of the restatement, please see Notes 2.5, 19a and 28

b) Financial liabilities

	2024 £m	2023 £m
FVTPL		
Foreign exchange forward contracts	0.5	0.2
	0.5	**0.2**
FVTPL designated in a hedging relationship		
Foreign exchange forward contracts	2.7	1.0
Fuel oil swaps	0.8	4.0
	3.5	**5.0**
Amortised cost		
Bonds and ship loans (Note 30)	796.2	854.6
Lease liabilities	26.3	32.6
Bank overdrafts	1.9	4.4
	824.4	**891.6**
Total financial liabilities	**828.4**	**896.8**
Current	238.2	118.6
Non-current	590.2	778.2
	828.4	**896.8**

	2024 £m	2023 (restated[25]) £m
Total financial liabilities (as above and presented on the face of the statement of financial position)	828.4	896.8
Trade payables (Note 26)	139.3	128.9
Other payables (Note 26)	9.0	2.9
Accruals (Note 26) (restated[26])	40.6	41.5
Total financial liabilities (including trade and other payables, and accruals)	**1,017.3**	**1,070.1**

Except for the Group's bonds and ship loans, the fair values of financial liabilities held at amortised cost are not materially different from their carrying amounts, since the interest payable on those liabilities is close to current market rates. The fair value of the Group's bonds (Note 30) at 31 January 2024 is £356.3m (2023: £334.3m). The fair value of the Group's ship loans (Note 30) at 31 January 2024 is £356.1m (2023: £454.6m).

All financial liabilities that are measured at FVTPL, are mandatorily measured at FVTPL unless they are held in a designated hedging relationship.

25 For details of the restatement, please see Notes 2.5, 19a and 28

26 As a result of a review by the Group, total financial liabilities (including trade and other payables) have been restated to include accruals

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19 Financial assets and financial liabilities continued

c) Fair values

Financial instruments held at fair value are valued using quoted market prices or other valuation techniques.

Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and market observable inputs used in valuation techniques include foreign currency exchange rates and future oil prices.

The objective of using valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

Observable prices are those that have been seen either from counterparties or from market pricing sources, including Bloomberg. The use of these depends upon the liquidity of the relevant market.

Financial instruments held at fair value have been categorised into a fair value measurement hierarchy as follows:

i) Level 1

These are valuation techniques that are based entirely on quoted market prices in an actively traded market and are the most reliable.

All money market funds, loan funds and debt securities are categorised as Level 1 as the fair value is obtained directly from the quoted active market price.

ii) Level 2

These are valuation techniques for which all significant inputs are taken from observable market data. These include valuation models used to calculate the present value of expected future cash flows and may be employed either when no active market exists or when there are quoted prices available for similar instruments in active markets.

The models incorporate various inputs, including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying instrument.

All the derivative financial instruments are categorised as Level 2 as the fair values are obtained from the counterparty, brokers or valued using observable inputs. Where material, credit valuation adjustment /debit valuation adjustment risk adjustments are factored into the fair values of these instruments. As at 31 January 2024, the marked-to-market values of derivative assets are net of a credit valuation adjustment attributable to derivative counterparty default risk.

The fair values are periodically reviewed by the Group's Treasury Committees.

iii) Level 3

These are valuation techniques for which any significant inputs are not based on observable market data.

The following tables provide the quantitative fair value hierarchy of the Group's financial assets and financial liabilities that are held at fair value:

	At 31 January 2024				At 31 January 2023			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets measured at fair value								
Foreign exchange forwards	–	–	–	–	–	2.5	–	2.5
Fuel oil swaps	–	0.3	–	0.3	–	–	–	–
Loan funds	–	–	–	–	5.9	–	–	5.9
Debt securities	219.1	–	–	219.1	254.4	–	–	254.4
Money market funds	32.8	–	–	32.8	19.6	–	–	19.6
Financial liabilities measured at fair value								
Foreign exchange forwards	–	3.2	–	3.2	–	1.2	–	1.2
Fuel oil swaps	–	0.8	–	0.8	–	4.0	–	4.0
Financial liabilities for which fair values are disclosed								
Bonds and ship loans	356.3	356.1	–	712.4	–	788.9	–	788.9
Lease liabilities	–	26.3	–	26.3	–	32.6	–	32.6
Bank overdrafts	–	1.9	–	1.9	–	4.4	–	4.4

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

The values of the debt securities, money market funds and loan funds are based upon publicly available market prices.

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

Bonds are valued at quoted market bid prices.

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

d) Cash flow hedges

i) Forward currency risk

During the year ended 31 January 2024, the Group designated 126 foreign exchange forward currency contracts as hedges of highly probable foreign currency cash expenses in future periods (2023: 352). These contracts are entered into to minimise the Group's exposure to foreign exchange risk and are designated as cash flow hedges.

	Designated in the year		**At 31 January 2024**		At 31 January 2023	
Foreign currency cash flow hedging instruments (nominal amounts)	Volume	£m	**Volume**	**£m**	Volume	£m
Euro (**EUR**)	36	(1.1)	46	(1.2)	103	1.1
US dollar (**USD**)	28	(0.6)	65	(1.3)	127	0.1
Other currencies	62	(0.2)	97	(0.2)	216	(0.1)
Total	**126**	**(1.9)**	**208**	**(2.7)**	**446**	**1.1**

Hedging instruments for other currencies are in respect of Australian dollars, Canadian dollars, Swiss francs, Japanese yen, New Zealand dollars, Norwegian krone, Thai baht, Chinese yuan, Danish krona and South African rand.

ii) Commodity price risk

The Group uses derivative financial instruments to mitigate the risk of adverse changes in the price of fuel. The Group enters into fixed price contracts (swaps) in the management of its fuel price exposures. These contracts are expected to reduce the volatility attributable to price fluctuations of fuel and are designated as cash flow hedges. Hedging the price volatility of forecast fuel purchases is in accordance with the risk management strategy outlined by the Board of Directors. During the year ended 31 January 2024, the Group designated 37 fuel oil swaps as hedges of highly probable fuel oil purchases in future periods (2023: 68).

	Designated in the year		**At 31 January 2024**		At 31 January 2023	
Commodity cash flow hedging instruments (nominal amounts)	Volume	£m	**Volume**	**£m**	Volume	£m
Hedging instruments	**37**	**(0.4)**	**65**	**(0.5)**	**68**	**(4.0)**

iii) Hedge maturity profile

The table below summarises the present value of the highly probable forecast cash flows that have been designated in a hedging relationship as at 31 January 2024. These cash flows are expected to become determined in profit or loss in the same period in which the cash flows occur.

Determination period	**EUR £m**	**USD £m**	**Other currencies £m**	**Total currency hedges £m**	**Fuel hedges £m**	**Total £m**
1 February 2024 to 31 July 2024	17.9	17.5	2.4	37.8	0.2	38.0
1 August 2024 to 31 January 2025	13.9	15.9	2.7	32.5	(0.3)	32.2
1 February 2025 to 31 July 2025	0.1	–	–	0.1	(0.3)	(0.2)
1 August 2025 to 31 January 2026	–	–	–	–	(0.1)	(0.1)
Total	31.9	33.4	5.1	70.4	(0.5)	69.9

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

During the year, the Group has de-designated 12 foreign currency forward contracts, with a transaction value of £1.3m, where forecast cash flows are no longer expected to occur with a sufficiently high degree of certainty to meet the requirements of IFRS 9. The accumulated losses in relation to these contracts of £0.1m have been reclassified from the hedging reserve into profit or loss during the year. The Group has not de-designated any fuel oil swaps during the year. During the year, the Group recognised a £1.0m loss (2023: £0.3m loss) through the income statement in respect of matured hedges that have been recycled from OCI.

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20 Financial and insurance risk management objectives and policies

The Group is exposed to market risk, credit risk, liquidity risk, insurance risk and operational risk. The Group's senior management oversees these risks, supported by the Group Treasury function and Treasury Committees within the key areas of the Group that advise on financial risks and the appropriate financial risk governance framework for the Group. These functions and Committees ensure that the Group's financial risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities are for risk management purposes and are carried out by the Group's Treasury function. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Group manages concentration risk on its financial assets through a policy of diversification that is outlined in the Group Treasury Policy and approved by the Board. The policy defines the exposure limit by asset class and to third-party institutions based on the credit ratings of the individual counterparties, combined with the views of the Board. On a monthly basis, exposure to each asset class and counterparty is calculated and reported, and compliance with the policy is monitored.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group's exposure to insurance and operational risks, and the approach to managing these risks, is explained in more detail in Notes 20(d) and (e).

a) Market risk

Market risk is the risk that the fair value, or future cash flows, of a financial instrument, or the valuation of insurance and reinsurance contract assets and liabilities fluctuate due to changes in market prices. The Group is exposed to the following market risk factors:

- Foreign currency risk
- Commodity price risk
- Interest rate risk

The Group has policies and limits approved by the Board for managing market risk exposure. These set out the principles that the business should adhere to for managing market risk and establishing the maximum limits that the Group is willing to accept considering strategy, risk appetite and capital resources. The Group has the ability to monitor market risk exposure on a daily basis and has established limits for each component of market risk.

The Group uses derivatives for hedging its exposure to foreign currency and fuel oil price risks. The market risk policy explicitly prohibits the use of derivatives for speculative purposes. For risk exposures that the Group hedges, and for which the Group applies hedge accounting, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value, or future cash flows, of a financial asset or liability will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group is not exposed to material foreign currency risk through its Insurance Underwriting activities.

The Group uses foreign exchange forward contracts to manage the majority of its transaction exposures. The foreign exchange forward contracts, some of which are formally designated as hedging instruments, are entered into for periods consistent with the foreign currency exposure of the underlying transactions, generally from one to 24 months. The foreign exchange forward contracts vary with the level of expected foreign currency sales and purchases.

The following table demonstrates the sensitivity of the fair value of forward exchange contracts to a 5% change in USD and EUR exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

The impact is shown net of tax at the current rate.

	Sensitivity of +/– 5% foreign exchange rate change in	Effect on equity	Effect on profit after tax
2024	**EUR**	**+/– £1.5m**	**+/– £0.2m**
	USD	**+/– £1.6m**	**+/– £0.2m**
2023	EUR	+/– £2.4m	+/– £0.2m
	USD	+/– £2.5m	+/– £0.2m

To the extent that forward exchange contracts are held as part of effective hedging relationships, any change to the fair value of the instrument will be offset by an equal and opposite change to the cost of the hedged item.

ii) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of fuel and gas oil to sail its ocean cruise ships and, therefore, require a continuous supply of fuel and gas oil. The volatility in the price of fuel and gas oil has led to the decision to enter into commodity fuel and gas oil swap contracts. These contracts are expected to reduce the volatility attributable to price fluctuations of fuel and gas oil. Managing the price volatility of forecast oil purchases is in accordance with the risk management strategy outlined by the Board of Directors.

The Group manages the purchase price using forward commodity purchase contracts based on future forecast fuel oil requirements.

The following table shows the sensitivity of the fair value of fuel oil swaps to changes in the underlying fuel oil price (USD) with all other variables held constant. The impact is shown net of tax at the current rate.

	Sensitivity of +/– 5% rate change in	Effect on equity	Effect on profit after tax
2024	**USD – Fuel oil price**	**+/– £0.8m**	**+/– £0.0m**
2023	USD – Fuel oil price	+/– £0.8m	+/– £0.0m

iii) Interest rate risk

Interest rate risk is the risk that the fair value, or future cash flows, of a financial instrument or the valuation of insurance and reinsurance contract assets and liabilities fluctuate because of changes in market interest rates.

Interest rate risk arises from various sources:

- Investments in debt securities with a fixed interest rate, the market value and carrying value of which is affected by movements in market interest rates.
- Investments in debt securities with a floating interest rate, money market funds held within the Insurance business and short-term deposits. Movements in market interest rates change the amounts earned from these assets but do not materially affect their market value or carrying value.
- Borrowings with a floating interest rate (deferred repayments of ship loans). Movements in market interest rates change the future cash flows that will arise from these borrowings, but do not materially affect their carrying value.
- Insurance and reinsurance contract assets and liabilities. This interest rate risk primarily arises from the discounting of liabilities for incurred claims and loss components of the liability for remaining coverage, and corresponding assets arising from reinsurance contracts. The discount rates used are linked to market interest rates, such that changes in market interest rates will affect the valuation of insurance and reinsurance contract assets and liabilities.

The Group's loans and borrowings have a fixed interest rate (except the deferred repayments of the ship loans) and are accounted for at amortised cost. As a result, changes in market interest rates do not affect their accounting measurement or the future cash flows arising from them and, therefore, they are not considered further in this Note. However, the Group is exposed to a risk of interest rates being higher if those borrowings are refinanced. More details on these borrowings are included in Note 30.

Notes to the consolidated financial statements
continued

20 Financial and insurance risk management objectives and policies continued

The Group's interest rate exposure is summarised in the following table:

	2024 £m	2023 £m
Investments in debt securities with a fixed interest rate	205.9	241.5
Investments in debt securities with a floating interest rate	13.2	12.9
Money market funds and short-term deposits	163.7	144.1
Borrowings with a floating interest rate (deferred repayments of ship loans)	(43.2)	(61.6)
Insurance contract liabilities for incurred claims	(326.6)	(294.8)
Reinsurance assets for incurred claims	175.0	115.0
Insurance contract liabilities for remaining coverage (loss component)	(16.1)	(8.4)
Reinsurance assets for remaining coverage (loss-recovery component)	1.3	2.7

The Group manages interest rate risk in various ways. The Group has a policy of holding the majority of investments to maturity by closely matching asset and liability duration, and also ensures that the investment portfolio has a diversified range of investments such that there is a combination of fixed and floating rate securities.

The following table shows the sensitivity of debt securities and insurance and reinsurance contract assets and liabilities to a 50bps parallel increase or decrease in market interest rates at the end of the reporting period, being the change in market interest rates that was considered reasonably possible at this date. This analysis assumes a corresponding change in the carer wage inflation assumption within the valuation of PPO liabilities for incurred claims, as management expects these assumptions to move together in the long term. All other variables are assumed to remain constant. This table does not show any impact on debt securities with a floating interest rate, money market funds or borrowings, as their carrying values are not materially impacted by movements in market interest rates. The impacts are shown net of tax at the current rate.

	2024		2023	
	Impact on profit after tax and on equity		Impact on profit after tax and on equity	
	50bps increase	50bps decrease	50bps increase	50bps decrease
Discount rate change:				
Insurance and reinsurance contracts: Net liabilities for incurred claims	£0.2m	(£0.2m)	£0.7m	(£0.7m)
Insurance and reinsurance contracts: Net loss component	£0.3m	(£0.3m)	£0.1m	(£0.1m)
Interest rate change (impact on debt securities)	(£1.8m)	£1.8m	(£2.5m)	£2.5m
Net impact	**(£1.3m)**	**£1.3m**	**(£1.7m)**	**£1.7m**

The following table shows the impact that a 50bps parallel increase or decrease in market interest rates would have had on profit after tax in the period arising from floating rate debt securities, money market funds, short-term deposits and borrowings with a floating interest rate. This analysis assumes that the Group's relevant risk exposures throughout the period had been the same as they were at the end of the period.

	2024		2023	
	Impact on profit after tax		Impact on profit after tax	
	50bps increase	50bps decrease	50bps increase	50bps decrease
Investments in debt securities with a floating interest rate	£0.1m	(£0.1m)	£0.1m	(£0.1m)
Money market funds held within the Insurance business and short-term deposits	£0.6m	(£0.6m)	£0.5m	(£0.5m)
Borrowings with a floating interest rate (deferred repayments of ship loans)	(£0.2m)	£0.2m	(£0.2m)	£0.2m
Net impact	**£0.5m**	**(£0.5m)**	**£0.4m**	**(£0.4m)**

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, insurance contract, reinsurance contract or customer contract, leading to a financial loss. The Group is primarily exposed to credit risk in relation to its financial and reinsurance assets, outstanding derivatives, trade and other receivables, and cash and cash equivalents. The Group assesses its counterparty exposure in relation to the investment of surplus cash, fuel oil and foreign currency contracts, and undrawn credit facilities. The Group primarily uses published credit ratings to assess counterparty strength and, therefore, define the credit limit for each counterparty in accordance with approved treasury policies.

The credit risk in respect of trade and other receivables is generally limited as payment from customers is generally required before services are provided. At 31 January 2024, the maximum exposure to credit risk for trade receivables by operating segment was as follows:

	2024 **£m**	2023 (restated[27]) £m
Cruise and Travel	1.8	1.8
Insurance	31.9	30.9
Other Businesses and Central Costs	2.4	2.1
	36.1	**34.8**

The variance between the quantum of the maximum exposure to credit risk for trade receivables (above) and total of trade receivables presented in 'Trade and other receivables' (Note 23) primarily relates to debtors arising from insurance policies brokered by the Group but underwritten by third-party insurers for which corresponding creditors exist in respect of the net premium to be passed on to the third-party insurers. In the event of payment obligation default by a customer no longer on risk, the impairment of the debtor balance by the Group would lead to a corresponding reduction in the related creditor with, or refund of net premium from, the third-party insurer. In the event of payment obligation default by a customer remaining on risk, the impairment of the debtor balance by the Group would not lead to a corresponding reduction in the related creditor with, or refund of net premium from, the third-party insurer, and the Group would bear the credit risk relating to the debtor balance.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. The loss allowance required for these receivables is calculated in line with the simplified method for trade receivables per IFRS 9, whereby lifetime ECLs are recognised irrelevant of the credit risk. The loss allowance is based on a combination of:

- aged debtor analysis;
- historical experience of write-offs for each receivable;
- any specific indicators of credit deterioration observed; and
- management judgement.

Loss rates are based on the probability of a receivable progressing through successive stages of delinquency to write-off. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

On that basis, the loss allowance as at 31 January 2024 and 31 January 2023 was determined as follows for trade receivables:

31 January 2024	**Current**	**< 30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**> 120 days**	**Total**
Expected loss rate	0%	5%	4%	18%	59%	63%	
Gross carrying amount – trade receivables (Note 23)	£78.9m	£2.2m	£0.5m	£0.2m	£0.1m	£0.4m	£82.3m
Loss allowance (Note 23)	**£0.4m**	**£0.1m**	**£0.0m**	**£0.0m**	**£0.1m**	**£0.3m**	**£0.9m**

31 January 2023 (restated[27])	Current	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days	Total
Expected loss rate	1%	7%	6%	34%	15%	66%	
Gross carrying amount – trade receivables (Note 23)	£76.5m	£2.1m	£0.2m	£0.1m	£0.2m	£0.7m	£79.8m
Loss allowance (Note 23)	**£0.5m**	**£0.1m**	**£0.0m**	**£0.0m**	**£0.0m**	**£0.5m**	**£1.1m**

The loss allowance for trade receivables reconciles to the opening allowances as follows:

	2024 **£m**	2023 £m
Opening loss allowance at 1 February	1.1	5.0
Increase in loan loss allowance recognised in profit or loss during the year	1.3	1.3
Receivables written off during the year as uncollectable	(1.3)	(3.5)
Unused amount reversed	(0.2)	(1.7)
Closing loss allowance at 31 January	**0.9**	**1.1**

27 For details of the restatement, please see Notes 2.5, 19a and 28

Notes to the consolidated financial statements
continued

20 Financial and insurance risk management objectives and policies continued

Credit risk in relation to deposits, debt securities and derivative counterparties is managed by the Group's Treasury function in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on a regular basis and updated throughout the year, subject to approval by the Board. The limits are set to minimise the concentration of risks and, therefore, mitigate financial loss through any potential counterparty failure.

In its Insurance Underwriting business, the Group is exposed to credit risk as follows:

- **Insurance contracts issued:** At 31 January 2024 the Group expects to receive £43.8m (31 January 2023: £35.4m) of premiums in the future in relation to insurance contracts that have already been entered into, representing management's view of the Group's maximum exposure to credit risk from insurance contracts issued. However, the majority of these receivables are due in advance of the related insurance coverage, which the Group would not be liable for if the premiums are not paid. As a result, the credit risk associated with these receivables is significantly mitigated and they are not recognised on the statement of financial position under the IFRS 17 PAA.
- **Reinsurance contracts:** The Group is exposed to the risk of default on its reinsurance arrangements when amounts recoverable under those arrangements become due. Credit risk in respect of reinsurance arrangements is assessed from the time of entering into a reinsurance contract. The Group's reinsurance programme is only placed with reinsurers which meet the Group's financial strength criteria. At 31 January 2024 the Group had a concentration of counterparty risk arising from reinsurance contracts, driven by a material recovery arising from the Group's motor quota share reinsurance arrangement. The highest amount of reinsurance contract assets recoverable from a single counterparty at 31 January 2024 is £31.2m (31 January 2023: £17.2m). At 31 January 2024 this reinsurer had an AA credit rating (31 January 2023: AA).

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 January 2024 and 31 January 2023 is the gross carrying amount, except for trade receivables and reinsurance contract assets. None of the financial assets measured at amortised cost, other than trade receivables where a loss allowance has been determined as set out above, were impaired at the reporting date.

The Group's financial assets and reinsurance assets are analysed by credit risk rating as follows:

Ratings analysis

31 January 2024 **£m**	**AAA**	**AA**	**A**	**BBB**	**Unrated**	**Total**
Debt securities	23.9	59.2	70.4	65.6	–	219.1
Money market funds held within the insurance business	32.8	–	–	–	–	32.8
Derivative assets	–	–	0.3	–	–	0.3
	56.7	59.2	70.7	65.6	–	252.2
Credit exposed component of reinsurance contract assets	–	134.1	42.2	–	–	176.3
Total	**56.7**	**193.3**	**112.9**	**65.6**	**–**	**428.5**

31 January 2023 £m	AAA	AA	A	BBB	Unrated	Total
Debt securities	23.5	74.9	64.2	91.8	–	254.4
Money market funds held within the insurance business	19.6	–	–	–	–	19.6
Derivative assets	–	–	2.5	–	–	2.5
Loan funds	–	–	–	–	5.9	5.9
	43.1	74.9	66.7	91.8	5.9	282.4
Credit exposed component of reinsurance contract assets	–	76.0	41.7	–	–	117.7
Total	**43.1**	**150.9**	**108.4**	**91.8**	**5.9**	**400.1**

c) Liquidity risk

Liquidity risk is the risk that the Group, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The Group's approach to managing liquidity risk is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash or availability on its RCF. The Group manages its obligations to pay claims to policyholders as they fall due by matching the maturity of investments to the expected maturity of claims payments.

The table below analyses the maturity profile of the Group's financial liabilities and insurance contract liabilities. The analysis of non-derivative financial liabilities is based on the remaining period at the reporting date to the contractual maturity date. The analysis of insurance contract liabilities includes only the component of this balance that relates to liabilities for incurred claims arising from portfolios of insurance contracts that are in a liability position and is based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented (this excludes the risk adjustment).

31 January 2024 £m	**On demand**	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
Bonds and ship loans	–	212.2	55.7	304.2	46.5	43.8	144.6	807.0
Interest on bonds and ship loans	–	29.1	24.1	15.3	6.6	5.2	8.2	88.5
Bank overdrafts	1.9	–	–	–	–	–	–	1.9
Insurance contract liabilities	–	84.9	25.4	27.6	22.9	11.4	114.2	286.4
Derivative liabilities	–	3.6	0.4	–	–	–	–	4.0
Lease liabilities	–	5.4	4.1	3.8	2.9	3.0	7.1	26.3
Interest on lease liabilities	–	1.5	0.9	0.8	0.6	0.4	0.5	4.7
	1.9	**336.7**	**110.6**	**351.7**	**79.5**	**63.8**	**274.6**	**1,218.8**

31 January 2023 £m (restated[28])	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Bonds and ship loans	–	62.2	212.2	55.7	304.2	46.5	188.4	869.2
Interest on bonds and ship loans	–	33.6	28.8	24.1	15.3	6.6	13.4	121.8
Bank overdrafts	4.4	–	–	–	–	–	–	4.4
Insurance contract liabilities	–	81.2	31.0	20.2	18.7	13.6	94.5	259.2
Derivative liabilities	–	4.1	1.1	–	–	–	–	5.2
Lease liabilities	–	10.2	3.2	3.1	3.1	2.8	10.2	32.6
Interest on lease liabilities	–	1.3	1.0	1.0	0.7	0.5	0.9	5.4
	4.4	**192.6**	**277.3**	**104.1**	**342.0**	**70.0**	**307.4**	**1,297.8**

The table below sets out the remaining contractual maturities of the financial assets supporting the Group's insurance contract liabilities. It is presented on an undiscounted basis.

31 January 2024 £m	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**No maturity**	**Total**
Debt securities	47.9	76.8	53.5	34.8	9.1	21.4	–	243.5
Money market funds held within the Insurance business	–	–	–	–	–	–	32.8	32.8
	47.9	76.8	53.5	34.8	9.1	21.4	32.8	276.3

31 January 2023 £m	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	No maturity	Total
Debt securities	42.4	47.5	79.8	53.5	34.8	29.1	–	287.1
Loan funds	–	–	–	–	–	–	5.9	5.9
Money market funds held within the Insurance business	–	–	–	–	–	–	19.6	19.6
	42.4	47.5	79.8	53.5	34.8	29.1	25.5	312.6

28 For details of the restatement, please see Notes 2.5, 19a and 28

Notes to the consolidated financial statements
continued

20 Financial and insurance risk management objectives and policies continued

d) Insurance risk

Insurance risk arises from the inherent uncertainties as to the occurrence, cost and timing of insured events that could lead to significant individual or aggregated claims in terms of quantity or value. This could be for a number of reasons, including weather-related events, large individual claims, changes in claimant behaviour patterns such as increased levels of fraudulent activities, the use of PPOs, prospective or retrospective legislative changes, unresponsive and inaccurate pricing or reserving methodologies and the deterioration in the Group's ability to effectively and efficiently handle claims while delivering excellent customer service.

The Group manages insurance risk within its risk management framework as set out by the Board. The key policies and processes of mitigating these risks have been implemented, which include underwriting partnership arrangements, reinsurance excess of loss contracts, pricing policies and claims management, and administration policies.

i) Underwriting and pricing risk

The Group primarily underwrites motor insurance for private cars in the UK. The book consists of a large number of individual risks which are widely spread geographically, which helps to minimise concentration risk. The Group has controls in place to restrict access to its products to only those risks that it wishes to underwrite.

The Group has management information to allow it to monitor underwriting performance on a continuous basis and the ability to make pricing and underwriting changes quickly. The Group undertakes detailed statistical analysis of underwriting experience for each rating factor, and combination of rating factors, to enable it to adjust pricing for emerging trends.

ii) Reserving risk

Reserving risk is the risk that insufficient funds have been set aside to settle claims as they fall due. The Group undertakes regular internal actuarial reviews and commissions external actuarial reviews at least once a year. These reviews estimate the future liabilities to consider the adequacy of the provisions.

Claims which are subject to PPOs are a significant source of uncertainty within the Group's liability for incurred claims. Cash flow projections are undertaken for PPO claims to estimate the gross and net of reinsurance provisions required.

iii) Reinsurance

The Group purchases reinsurance to reduce the impact of individual large losses or accumulations from a single catastrophic event. During 2018, the Group entered into a funds-withheld quota share reinsurance contract that reinsures 80% of the Group's motor claims risks limited by a loss ratio cap of 130%, effective from 1 February 2019. Prior to this, the Group had a funds-withheld quota share reinsurance contract in place that reinsured 75% of the Group's motor claims risks limited by a loss ratio cap of 120%. The Group also purchases individual excess of loss protections for the motor portfolio to limit the impact of a single large claim. Similar protections are in place for all years for which the Group has underwritten motor business.

Reinsurance recoveries on individual excess of loss protections can take many years to collect, particularly if a claim is subject to a PPO. This means that the Group has exposure to reinsurance credit risk for many years. Reinsurers are, therefore, required to have strong credit ratings and their financial health is regularly monitored.

iv) Sensitivities

The following tables demonstrate the impact on profit or loss before tax, and equity, of reasonably possible changes in insurance risk variables at 31 January 2024 and 31 January 2023. These impacts are shown both gross and net of reinsurance. It is assumed that all other variables remain constant.

	2024		2023	
	Impact on profit after tax and on equity		Impact on profit after tax and on equity	
£m	**Gross of reinsurance**	**Net of reinsurance**	Gross of reinsurance	Net of reinsurance
Change in the confidence level of liabilities for incurred claims				
5ppt increase to 90% net confidence level	(9.0)	(1.2)	(8.0)	(1.4)
5ppt decrease to 80% net confidence level	6.8	0.9	6.0	1.2
Change in the confidence level of the onerous contract provision				
5ppt increase to 90% net confidence level	(3.0)	(2.7)	(1.8)	(1.0)
5ppt decrease to 80% net confidence level	3.4	2.8	1.2	0.6
Change in non-PPO claim inflation assumption within liabilities for incurred claims				
100bps increase	(4.7)	(1.4)	(4.4)	(2.1)
100bps decrease	4.5	1.3	4.2	2.1

The impact of any change in the PPO claim inflation (specifically the carer wage inflation assumption) is not shown in the table above as management would expect such a change to be substantially offset by the impact of a corresponding change in the IFRS 17 discount rate.

e) Operational risk

Effective operational risk management requires the Group to identify, assess, manage, monitor, report and mitigate all areas of exposure. The Group operates across a range of segments and operational risk is inherent in all the Group's products and services, arising from the operation of assets, from external events and dependencies, and from internal processes and systems.

The Group manages its operational risk through the risk management framework agreed by the Board, and through the use of risk management tools which, together, ensure that operational risks are identified, managed and mitigated to the level accepted, and that contingency processes and disaster recovery plans are in place. Regular reporting is undertaken to segment boards and includes details of new and emerging risks, as well as monitoring of existing risks. Testing of contingency processes and disaster recovery plans is undertaken to ensure the effectiveness of these processes. The resilience of the Group's disaster recovery plans was demonstrated during the COVID-19 lockdown. The Group was able to quickly move office-based colleagues to working from home arrangements, ensuring that it was able to continue to support existing and new customers through the contact centre and support functions.

All of the Group's operations are dependent on: the proper functioning of its IT and communication systems; its properties and other infrastructure assets; the need to adequately maintain and protect customer and employee data and other information; and the ability of the Group to attract and retain colleagues. Specific areas of operational risk by segment include:

i) Cruise and Travel

The Cruise and Travel segment operates two ocean cruise ships, which are the Group's largest trading assets. Risk to the operation of these cruise ships arises from the impact of mechanical or other malfunction, non-compliance with regulatory requirements, and from global weather and socio-economic events. The tour holidays operated by the segment are also affected by global weather and socio-economic events which impact either the Group directly, or its suppliers. The Cruise and Travel segments transact with multiple suppliers, which minimises the impact of any socio-economic events affecting its suppliers.

ii) Insurance

The Insurance segment is required to comply with various operational regulatory requirements, primarily in the UK but also within Gibraltar for its Insurance Underwriting business. To the extent that significant external events could increase the incidence of claims, these would place additional strain on the claims handling function but any financial impact of such an event is considered to be an insurance risk.

iii) Other Businesses and Central Costs

The financial services business is required to comply with various operational regulatory requirements in the UK.

21 Interests in unconsolidated structured entities

A structured entity is defined as an entity that has been designed so that voting, or similar, rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements. The Group has interests in unconsolidated structured entities in the form of investment funds comprising:

- bank loan funds; and
- money market funds.

The nature and purpose of the bank loan funds are to diversify the investment portfolio and enhance the overall yield, while maintaining an acceptable level of risk for the portfolio as a whole.

Bank loan funds invest in secured loans to companies rated below investment grade.

The nature and purpose of the money market funds is to provide maximum security and liquidity for the funds invested while also providing an adequate return. The money market funds used by the Group are all members of the Institutional Money Market Funds Association. They are thus required to maintain specified liquidity and diversification characteristics of their underlying portfolios, which comprise investment grade investments in financial institutions.

The Group invests in unconsolidated structured entities as part of its investment activities. The Group does not sponsor any of the unconsolidated structured entities.

The Group's total interest in unconsolidated structured entities of £32.8m (2023: £25.5m) are analysed as follows:

At 31 January 2024	**Carrying value £m**	**Interest income £m**	**Fair value losses £m**
Loan funds	–	0.2	–
Money market funds	32.8	0.7	–

At 31 January 2023	Carrying value £m	Interest income £m	Fair value losses £m
Loan funds	5.9	0.2	(0.3)
Money market funds	19.6	0.5	–

These investments are typically managed under credit risk management as described in Note 20. The Group's maximum exposure to loss on the interests presented above is the carrying amount of the Group's investments. No further loss can be made by the Group in relation to these investments. For this reason, the total assets of the entities are not considered meaningful for the purposes of understanding the related risks and so have not been presented.

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22 Inventories

	2024 £m	2023 £m
Raw materials	0.2	0.7
Technical stocks	4.2	4.4
Work in progress	0.1	–
Finished goods	3.6	1.9
	8.1	**7.0**

Technical stocks are spare parts for the Group's ocean cruise ships. Finished goods primarily relate to ocean cruise ship fuel, food, bar and sundry stocks.

23 Trade and other receivables

	2024 £m	2023 (restated[29]) £m
Trade receivables (Note 20b)	82.3	79.8
Loss allowance (Note 20b)	(0.9)	(1.1)
	81.4	78.7
Other receivables	12.2	23.4
Prepayments	24.4	25.8
Contract cost assets (Note 3b)	3.6	2.5
Other taxes and social security costs	6.1	5.6
	127.7	**136.0**

An explanation of how the Group manages and measures the credit risk of trade receivables can be found in Note 20b. The Group expects trade and other receivables to be normally settled within 12 months. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

24 Trust and escrow accounts

The Civil Aviation Authority (**CAA**) regulated the Group's River Cruise and Travel businesses during the year. To comply with its regulatory obligations, the Group is required to arrange financial security to protect customer monies and this is currently provided through the Association of British Travel Agents (**ABTA**). In addition, the Group is required to make ATOL Protection Contributions, which the Group pays into a ring-fenced account.

Prior to 28 March 2023, 100% of customer monies were paid into trust (**Trust Accounting**) until the Group had fulfilled its obligations and the customer had returned from their holiday. The trust was administered and controlled by an independent trustee, PT Trustees Limited. On this date, the Group moved from Trust Accounting to a 70% escrow arrangement (**Escrow Accounting**). This means that, from 28 March 2023, the Group pays 70% of customer monies received into an escrow arrangement. The remaining 30% is used to support the required prepayments in advance of operating the customer's holiday, namely flight costs. Interest arising from the funds held in escrow belongs to the Group.

Following the initial introduction of Trust Accounting in September 2020 and the subsequent move to Escrow Accounting, the Group is no longer required to hold financial security bonds in relation to ATOL bookings. In relation to ABTA bookings, a bonding requirement still exists (Note 37c).

29 For details of the restatement, please see Notes 2.5, 19a and 28

25 Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank and in hand	57.8	52.0
Short-term deposits and money market funds held outside of the Insurance business	130.9	124.5
Cash and short-term deposits	**188.7**	**176.5**
Money market funds held within the Insurance business (Note 19)	32.8	19.6
Bank overdraft	(1.9)	(4.4)
Cash and cash equivalents in the consolidated statement of cash flows	**219.6**	**191.7**

Included within cash and cash equivalents are amounts held by the Group's River Cruise, Travel and Insurance businesses, which are subject to contractual or regulatory restrictions (Note 35). The amounts held are not readily available to be used for other purposes within the Group and total £49.8m (2023: £34.2m). Available Cash[30] 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.

26 Trade and other payables

	2024 £m	2023 (restated[31]) £m
Trade payables	139.3	128.9
Other payables	9.0	2.9
Other taxes and social security costs	10.8	8.7
Assets in the course of construction	1.6	4.5
Accruals	40.6	41.5
	201.3	**186.5**

All trade and other payables are current in nature. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

30 Refer to the Alternative Performance Measures Glossary on pages 187-188 for definition and explanation

31 For details of the restatement, please see Notes 2.5, 19a and 28

Notes to the consolidated financial statements
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27 Retirement benefit schemes

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

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

a) Defined contribution plans

There was one defined contribution scheme in the Group at 31 January 2024 (2023: three). The total charge for the year in respect of the defined contribution schemes was £11.6m (2023: £9.9m). The assets of these schemes are held separately from those of the Group in funds under the control of trustees.

b) Defined benefit plan

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

The scheme is governed by the employment laws of the UK. The level of benefits provided depends on the member's length of service and average salary while a member of the scheme. The scheme requires contributions to be made to a separately administered fund which is governed by a Board of Trustees and consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The long-term investment objectives of the Trustees and the Group are to limit the risk of the assets failing to meet the liabilities of the scheme over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of the scheme. To meet those objectives, the scheme's assets are invested in different categories of assets, with different maturities designed to match liabilities as they fall due. The investment strategy will continue to evolve over time and is expected to match the liability profile increasingly closely. The pension liability is exposed to inflation rate risks and changes in the life expectancy of members. As the plan assets include investments in quoted equities, the Group is exposed to equity market risk. The Group has provided super security to the Trustees of the scheme, which ranks before any liabilities under the senior facilities agreement (as detailed in Note 30). The value of the security is capped at £47.5m.

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

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

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

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

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

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

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

The following table summarises the components of the net benefit expense recognised in the income statement, OCI and amounts recognised in the statement of financial position for the scheme for the year ended 31 January 2024:

	Fair value of scheme assets £m	Defined benefit obligation £m	**Defined benefit scheme liability £m**
1 February 2023	224.1	(236.2)	(12.1)
Pension cost charge to income statement			
Net interest	10.3	(10.8)	(0.5)
Included in income statement	10.3	(10.8)	(0.5)
Benefits paid	(6.5)	6.5	–
Return on plan assets (excluding amounts included in net interest expense)	(29.2)	–	(29.2)
Actuarial changes arising from changes in financial assumptions	–	15.8	15.8
Actuarial changes arising from changes in demographic assumptions	–	13.5	13.5
Experience adjustments	–	(41.2)	(41.2)
Sub-total included in OCI	(35.7)	(5.4)	(41.1)
Total contributions by employer	5.8	–	5.8
At 31 January 2024	**204.5**	**(252.4)**	**(47.9)**

The following table summarises the components of the net benefit expense recognised in the income statement, OCI and amounts recognised in the statement of financial position for the scheme for the year ended 31 January 2023:

	Fair value of scheme assets £m	Defined benefit obligation £m	Defined benefit scheme liability £m
1 February 2022	412.0	(410.9)	1.1
Pension cost charge to income statement			
Net interest	8.9	(8.8)	0.1
Included in income statement	8.9	(8.8)	0.1
Benefits paid	(6.8)	6.8	–
Return on plan assets (excluding amounts included in net interest income)	(195.8)	–	(195.8)
Actuarial changes arising from changes in financial assumptions	–	184.3	184.3
Experience adjustments	–	(7.6)	(7.6)
Sub-total included in OCI	(202.6)	183.5	(19.1)
Total contributions by employer	5.8	–	5.8
At 31 January 2023	**224.1**	**(236.2)**	**(12.1)**

Notes to the consolidated financial statements
continued

27 Retirement benefit schemes continued

b) Defined benefit plan continued

The major categories of assets in the scheme are as follows:

	2024 £m	2023 £m
Equities	34.8	16.4
Bonds	80.9	92.2
Property and alternatives	63.6	74.6
Hedge funds	18.0	28.7
Insured annuities	3.2	3.9
Cash and other	4.0	8.3
Total	**204.5**	**224.1**

Equities and bonds are all quoted in active markets, while property and hedge funds are not. Unit prices of approximately 30% of the assets were not available as at 31 January 2024 and have been based on unit prices prior to the statement of financial position date (2023: approximately 27%). The impacts of COVID-19 over the past four years, and the Russia-Ukraine conflict, have increased the level of uncertainty and volatility in global financial markets. While the ultimate extent of the effect of this on the asset portfolio is not possible to quantify, management has used the latest available fund pricing data to derive the valuations of assets which are not quoted in active markets. Where assets do not have an observable market price, approximate techniques have been used by the valuer to arrive at a valuation.

The scheme's investment strategy is to invest broadly 60% in return seeking assets and 40% in matching assets (mainly government bonds). This strategy reflects the scheme's liability profile and the Trustees' and Group's attitude to risk. The scheme's investments include interest rate and inflation hedging. The Trustees' investment strategy also includes investing in liability driven investment, the value of which will increase with decreases in interest rates and will move with inflation expectations. During the year, the scheme hedged around 75% of interest rate risk and inflation risk of the liabilities.

Included within bonds is a hedging component totalling £75.8m (2023: £85.5m). The property and alternatives category includes illiquid credit funds totalling £51.1m (2023: 50.2m) held as part of the return-seeking asset portfolio.

The pension scheme has not invested in any of the Group's own financial instruments.

The principal assumptions used in determining pension benefit obligations for the scheme are shown below:

	2024	2023
Real rate of increase of pensions in payment	3.05%	3.05%
Real rate of increase of pensions in deferment	2.90%	3.00%
Discount rate – pensioner	5.00%	4.65%
Discount rate – non-pensioner	5.00%	4.60%
Inflation – pensioner	3.20%	3.20%
Inflation – non-pensioner	3.05%	3.15%
Life expectancy of a member retiring in 20 years' time at age 60 – Male	26.4 yrs	27.8 yrs
Life expectancy of a member retiring in 20 years' time at age 60 – Female	28.6 yrs	29.5 yrs
Mortality base tables		
CMI Standard tables – Male (all amounts)	S3PA	S3PA
CMI Standard tables – Female (middle amounts)	S3PA	S3PA
Scheme specific adjustment – Active Male	n/a	115%
Scheme specific adjustment – Active Female	n/a	115%
Scheme specific adjustment – Deferred Male	116%	101%
Scheme specific adjustment – Deferred Female	116%	107%
Scheme specific adjustment – Pensioner Male	106%	102%
Scheme specific adjustment – Pensioner Female	111%	105%

The discount rate assumption is used to calculate the defined benefit obligation. The rate is derived from high-quality corporate bonds, generally regarded as those with an AA rating. As in the prior year, management have opted to use the XPS Single Agency curve for deriving the discount rate assumptions at January 2024.

In addition, the scheme lost some of its inflation hedge during the prior year and, as a result, management made an allowance for inflation risk premium of 0.2%. The inflation risk premium of 0.2% was retained for the valuation as at 31 January 2024.

Mortality assumptions are set using standard tables based on specific experience, where available, and allow for future mortality improvements. The scheme assumption is that a member currently aged 60 will live, on average, for a further 24.8 years if they are male and, on average, for a further 27.0 years if they are female. For the valuation as at 31 January 2024, mortality assumptions have been based on the latest data released by the Continuous Mortality Investigation (**CMI**), being their CMI_2022 data model. The default CMI_2022 parameter, which has been applied to the scheme's valuation, allows for 25% of the effects of the COVID-19 pandemic on future mortality improvements. This has acted to reduce the value of the liabilities in the scheme.

A quantitative sensitivity analysis for significant assumptions as at 31 January 2024 and their impact on the scheme liabilities is as follows:

Assumptions	**Discount rate**		**Future inflation**		**Life expectancy**	
Sensitivity	**+/– 0.25%**		**+/– 0.25%**		**+/– 1 year**	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact £m	(10.6)	11.1	5.6	(5.8)	8.3	(8.3)

Note: a positive impact represents an increase in the net defined benefit liability.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

The expected contribution in respect of the accrual of benefits payable to the scheme for the next financial year is £nil and the average duration of the defined benefit plan obligation at the end of the reporting period has reduced from 20 to 21 years, down to 18 years. Formal actuarial valuations take place every three years for the scheme. The assumptions adopted for actuarial valuations are determined by the Trustees, agreed with the Group, and are normally more prudent than the assumptions adopted for IAS 19 purposes, which are a best estimate. Where a funding deficit is identified, the Group and the Trustees may agree a deficit recovery plan to pay additional contributions above those needed to fund the scheme.

The Group's latest approved triennial valuation of the Saga Scheme defined benefit plan was as at 31 January 2020. Saga plc, and certain guarantor subsidiaries in the Group, have provided super security to the Trustees of the scheme, which ranks before any liabilities under the Group's bank facilities. The value of the security is capped at £47.5m under the 2020 triennial valuation. Further to this valuation, a recovery plan was also put in place for the scheme. Under the agreed recovery plan, the Group made an additional payment of £5.8m during the year ended 31 January 2024 and will make annual payments of £5.8m totalling a further £23.2m over the next four financial years, with the last payment being made on 28 February 2027. The total expected contributions in the year ending 31 January 2025 are £5.8m and entirely relate to the recovery payment.

The Group has also agreed to pay additional amounts into an escrow account should asset returns fall below an agreed level over set periods of time. Dependent upon the level of return on the scheme's assets between 31 January 2020 and 31 January 2027, any amount in the escrow account will be released to either the Group, or the scheme, by 30 June 2027.

Notes to the consolidated financial statements
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28 Insurance and reinsurance contract liabilities and assets

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

a) Reconciliation of opening and closing balances

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

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

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

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component £m	Loss component £m	Estimate of the present value of future cash flows £m	Risk adjustment £m	Total £m
At 1 February 2022 (restated)					
Insurance contract liabilities	**(54.9)**	**(1.9)**	**(267.6)**	**(35.2)**	**(359.6)**
Insurance revenue	193.0	–	–	–	193.0
Incurred claims and related expenses	–	4.4	(182.7)	(10.7)	(189.0)
Changes to liabilities for incurred claims	–	–	19.0	9.3	28.3
Insurance acquisition cash flows expensed	(29.5)	–	–	–	(29.5)
Losses on onerous contracts and changes in such losses	–	(10.9)	–	–	(10.9)
Other incurred insurance service expenses	–	–	(14.7)	–	(14.7)
Insurance service expenses	(29.5)	(6.5)	(178.4)	(1.4)	(215.8)
Insurance finance expense	–	–	7.2	1.0	8.2
Total changes in the consolidated income statement	**163.5**	**(6.5)**	**(171.2)**	**(0.4)**	**(14.6)**
Cash flows					
Premiums received	(182.4)	–	–	–	(182.4)
Insurance acquisition cash flows incurred	29.5	–	–	–	29.5
Claims and other expenses paid	–	–	179.6	–	179.6
Total cash flows	**(152.9)**	**–**	**179.6**	**–**	**26.7**
At 31 January 2023 (restated)					
Insurance contract liabilities	**(44.3)**	**(8.4)**	**(259.2)**	**(35.6)**	**(347.5)**

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

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continued

28 Insurance and reinsurance contract liabilities and assets continued

b) Insurance finance income or expense

The following table provides further detail on insurance finance income or expenses arising from insurance and reinsurance contracts:

	2024			2023		
	Insurance contracts (gross) £m	Reinsurance contracts £m	Net £m	Insurance contracts (gross) £m	Reinsurance contracts £m	Net £m
Unwind of discounting of liabilities for incurred claims	(8.2)	4.7	(3.5)	(3.5)	1.6	(1.9)
Impact of change in the discount rate on liabilities for incurred claims: Non-PPOs	2.1	(1.1)	1.0	11.0	(4.6)	6.4
Impact of change in the discount rate on liabilities for incurred claims: PPOs	10.6	(6.4)	4.2	22.1	(20.8)	1.3
Impact of change in carer wage inflation assumption for PPO liabilities for incurred claims	(8.0)	4.7	(3.3)	(21.4)	20.1	(1.3)
Net finance (expense)/income from insurance and reinsurance contracts	**(3.5)**	**1.9**	**(1.6)**	**8.2**	**(3.7)**	**4.5**

Insurance finance income or expenses are conceptually comparable to investment income or expenses arising from financial assets held within the Insurance Underwriting business (see Note 6):

- The expense created by the unwind of discounting of liabilities for incurred claims is conceptually similar to interest income derived from financial assets.
- The impact of the change in the discount rate on liabilities for incurred claims is conceptually similar to fair value gains or losses arising on financial assets, with both significantly impacted by changes in market interest rates.

However, the relevant amounts may differ, including due to the following:

- Insurance finance income or expenses arise solely from liabilities for incurred claims and corresponding reinsurance assets, whereas the financial assets held within the Insurance Underwriting business support the Group's wider insurance liabilities (including liabilities for remaining coverage) and capital requirements. This leads to differences between the value and duration characteristics of those financial assets and those of the liabilities for incurred claims which, in turn, leads to differences between the investment income or expenses arising from those financial assets and insurance finance income or expense.
- Investment income or expenses includes compensation for credit risk associated with the financial assets, with any change in credit risk being reflected in fair value gains or losses on those securities. Credit risk is explicitly excluded from the IFRS 17 discount rate and, therefore, there is no corresponding effect on insurance finance income or expense.

c) Claims development tables

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

Gross claims development

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

Net claims development

	Amounts as at the end of the financial year ended 31 January				
Net loss occurring in financial years ending:	**2020 £m**	**2021 £m**	**2022 £m**	**2023 £m**	**2024 £m**
31 January 2019 and prior financial years	2,965.6	2,943.5	2,916.6	2.935.7	2,956.2
31 January 2020	181.7	185.9	175.4	171.7	166.1
31 January 2021		121.9	114.9	116.8	101.1
31 January 2022			136.5	170.8	146.0
31 January 2023				171.3	149.5
31 January 2024					60.4
Cumulative net payments to date					(3,425.1)
Net undiscounted liabilities – losses arising from financial years 2020-2024					154.2
Claims handling expenses					6.8
Net effect of discounting					(16.0)
Net risk adjustment					6.6
Total net liability for incurred claims					**151.6**

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29 Contract liabilities

	2024 £m	2023 (restated[32]) £m
Deferred revenue (Note 3b)	159.8	126.5
	159.8	**126.5**
Current	156.1	123.0
Non-current	3.7	3.5
	159.8	**126.5**

Deferred revenue comprises amounts received within the Cruise and Travel segment for cruises and holidays with departure dates after the reporting date, and insurance premiums and sales revenues received in the Insurance segment in respect of insurance policies which commence after the reporting date, and represents the performance obligations not yet satisfied as at the end of the year.

30 Loans and borrowings

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

Bonds, RCF and loan facility with Roger De Haan

At 31 January 2024, the Group's financing facilities consisted of a £150.0m seven-year senior unsecured bond (repayable May 2024), a £250.0m five-year senior unsecured bond (repayable July 2026), a £50.0m five-year RCF (expiring in May 2025) and an £85.0m loan facility with Roger De Haan (expiring April 2026). The RCF and the loan facility with Roger De Haan were undrawn as at 31 January 2024.

i) Bonds

The bonds are listed on the Irish Stock Exchange (Euronext Dublin) and are guaranteed by Saga Services Limited and Saga Mid Co Limited.

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

ii) RCF

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

During the year to 31 January 2023, the Group agreed amendments with its banks to simplify the RCF arrangement to remove certain clauses that were introduced during the COVID-19 pandemic and reduce the aggregate facility cost. The amendments to the RCF include:

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

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

32 For details of the restatement, please see Notes 2.5, 19a and 28

Also, during the year to 31 January 2023, the Group had further discussions with its lending banks behind the RCF and agreed the following amendments to the facility:

- The introduction of a restriction whereby no utilisation of the facility is permitted prior to repayment of the 2024 bond if leverage exceeds 5.5x, or liquidity is below £170m.
- During 2023 and 2024, should the RCF be drawn, leverage covenant testing will be quarterly.
- Repayment of the 2024 bond, ahead of maturity, is restricted while leverage remains above 3.75x.
- Amendments to the leverage and interest cover covenants attached to the facility, as follows:

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

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

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

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

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

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

iii) Loan facility with Roger De Haan

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

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

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

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

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30 Loans and borrowings continued

Ocean cruise ship loans

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

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

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

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

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

During the year to 31 January 2024, the Group concluded discussions with its Cruise lenders in respect of the covenant restrictions attaching to its two ship debt facilities. Lenders agreed to a waiver of the EBITDA to debt repayment covenant ratio for the 31 July 2023 testing date. In addition, lenders agreed to amend the covenants on the two ship debt facilities to reduce the EBITDA to debt repayment ratio from 1.2x to 1.0x for the additional periods up to, and including, 31 January 2025.

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

Accrued interest payable on the Group's ocean cruise ship loans at 31 January 2024 is £3.0m (2023: £3.3m).

Total debt and finance costs

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

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

31 Provisions

	Private medical insurance (PMI) £m	Onerous contract £m	Other £m	Total £m
At 1 February 2022 (restated[33])	0.8	–	4.6	5.4
Utilised during the year	(0.8)	–	(4.2)	(5.0)
Released unutilised during the year	–	–	(0.6)	(0.6)
Charge for the year (restated[33])	–	–	5.4	5.4
At 31 January 2023	**–**	**–**	**5.2**	**5.2**
Utilised during the year	–	(4.2)	(13.1)	(17.3)
Released unutilised during the year	–	–	(1.4)	(1.4)
Charge for the year	–	7.3	14.2	21.5
At 31 January 2024	**–**	**3.1**	**4.9**	**8.0**

	PMI £m	Onerous contract £m	Other £m	Total £m
Current	–	3.1	4.7	7.8
Non-current	–	–	0.2	0.2
At 31 January 2024	**–**	**3.1**	**4.9**	**8.0**

	PMI £m	Onerous contract £m	Other £m	Total £m
Current	–	–	4.4	4.4
Non-current	–	–	0.8	0.8
At 31 January 2023	**–**	**–**	**5.2**	**5.2**

The COVID-19 pandemic led to a high level of disruption to private medical inpatient appointments over 2020 and 2021, with appointments and operations initially being delayed and rescheduled. In the year ended 31 January 2021, delayed appointments had a favourable impact on the underwriting performance of PMI, resulting in a profit share due from the underwriter. Due to the Group's public commitment to not profit from the impacts of COVID-19, a provision to offset this profit share was made.

The onerous contract provision relates to the Group's three-year fixed-price product guarantee in respect of motor insurance policies.

Other provisions primarily comprise:

- provisions for the return of insurance commission in respect of policies cancelled mid-term after the reporting date or as a result of being cancelled during the statutory cooling-off period after the reporting date;
- credit hire and repair claims handling and litigation costs on income booked as at the reporting date;
- fleet insurance at the estimated cost of settling all outstanding incidents at the reporting date;
- customer remediation relating to areas where there is likely to be a requirement to remedy various errors that have had an adverse impact on customer outcomes; and
- an employer liability provision relating to various Group-related, self-funded insurance arrangements.

Provisions are expected to be fully utilised over a period greater than the next 12 months, with the exception of the return of insurance commission and customer remediation provisions. The timing of fleet insurance costs is uncertain and will depend upon the nature of each incident. The costs of debt recovery on credit hire and repair claims handling and litigation costs are uncertain and will depend upon the nature and timing of each claim. The settlement cash outflows from the employer liability provision depend on the timing of the settlement of claims.

These items are reviewed and updated annually.

33 For details of the restatement, please see Notes 2.5, 19a and 28

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32 Reconciliation of liabilities arising from financing activities

The following tables analyse the cash and non-cash movements for liabilities arising from financing activities:

			Non-cash changes		
	2023 £m	Financing cash flows £m	New leases (Note 18) £m	Other £m	2024 £m
Lease liabilities (Note 37)	32.6	(11.6)	5.9	(0.6)	26.3
Ship loans (Note 30)	469.2	(62.2)	–	–	407.0
Bonds (Note 30)	400.0	–	–	–	400.0
Deferred issue costs (Note 30)	(20.1)	–	–	4.5	(15.6)

			Non-cash changes		
	2022 £m	Financing cash flows £m	New leases (Note 18) £m	Other £m	2023 £m
Lease liabilities (Note 37)	35.3	(7.8)	25.6	(20.5)	32.6
Ship loans (Note 30)	515.6	(46.4)	–	–	469.2
Bonds (Note 30)	400.0	–	–	–	400.0
Deferred issue costs (Note 30)	(25.0)	–	–	4.9	(20.1)

Included within 'Other' for lease liabilities are amounts relating to foreign exchange movements of £0.6m debit (2023: £2.0m credit) and lease re-assessments of £nil (2023: £22.5m) (Note 18).

Included within 'Other' for deferred issue costs is the amortisation of costs of £4.5m (2023: £4.9m).

Accrued interest payable on the loans and bonds above is disclosed in Note 30. Interest paid during the year is included within operating activities in the consolidated statement of cash flows.

33 Called up share capital

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

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

34 Reserves

Share-based payment reserve

Prior to vesting, the share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. More detail is provided in Note 36.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

Own shares held reserve

The own shares reserve represents the cost of shares in the Company held by the Group's EBT to satisfy options under the Group's share options plans (see Note 36). The number of ordinary shares held by the EBT at 31 January 2024 was 0.8m (2023: nil).

35 Capital management

The Group's objectives, when managing capital, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Group's capital management, capital comprises total equity of £223.5m (2023: £365.4m (restated[34])) as shown on the consolidated statement of financial position. The Group operates in a number of regulated markets and includes subsidiaries which are required to comply with specific requirements in respect of capital or other resources.

The Group's financial services businesses are regulated primarily by the Financial Services Commission (**FSC**) in Gibraltar and by the FCA in the UK; and the cash requirements of its River Cruise and Travel businesses are regulated by the CAA in the UK. It is the Group's policy to comply with the requirements of these regulators in respect of capital adequacy, or other similar tests, at all times.

The Group's regulated Insurance Underwriting business is based in Gibraltar, and regulated by the FSC, and is required to ensure that it has a sufficient level of capitalisation in accordance with Solvency II.

The Group, and its subsidiaries, have complied with externally-imposed capital requirements during the year. The amounts set out in the following three paragraphs are provisional and unaudited.

The Group monitored its ability to comply with the requirements of Solvency II throughout the year to 31 January 2024, having previously received approval from the FSC for the Undertaking of Specific Parameters when applying the standard formula to measure capital requirements for this business under Solvency II rules. Under Solvency II, Acromas Insurance Company Limited remained well capitalised and, at 31 January 2024, available capital was £83.4m against a Solvency Capital Requirement of £54.0m, giving 154% coverage. As at 31 January 2023, available capital was £98.4m against a Solvency Capital Requirement of £45.6m, giving 216% coverage.

The Group's regulated Insurance Broking business is based in the UK and regulated by the FCA. Due to the nature of the business, the capital requirements are significantly less than for the Insurance Underwriting business, but the Group is required to comply with the Adequate Resources requirements of Threshold Condition 2.4 of the FCA Handbook. The Group undertakes a rigorous assessment against the requirements of this Condition on an annual basis and, as a consequence, calculates and holds an appropriate amount of capital in respect of the Insurance Broking business. The Minimum Regulatory Capital requirement of this business at 31 January 2024 was £4.4m (2023: £5.7m).

The regulated River Cruise and Travel businesses are required to comply with a main test based on liquidity. The CAA liquidity test is a requirement to hold at least 70% of advanced customer receipts in cash on the last day of each month. The Group monitors its compliance with this test on a monthly basis, including forward-looking compliance using budgets and forecasts. As at 31 January 2024 and 31 January 2023, the businesses had sufficient coverage against this covenant.

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. The shares are primarily intended to be used for issuing shares under the Group's share option programmes. Buy and sell decisions are made on a specific transaction basis; the Group does not have a defined share buy-back plan.

36 Share-based payments

The Group has granted a number of different equity-based awards to employees and customers that it has determined to be share-based payments:

a) Share options and Free Shares offer granted at the time of the Initial Public Offering (IPO)

- On 29 May 2014, nil cost options over 13,132,410 shares were granted to certain Directors and employees with no exercise price and no service or performance vesting conditions. There are no cash settlement alternatives.
- Eligible customers and employees who acquired their shares under the Customer or Employee Offers in the Prospectus received one bonus share for every 20 shares they acquired and held continuously for one year to 29 May 2015. As these were bonus shares, there was no exercise price and no cash settlement alternative.

b) Saga Transformation Plan (STP)

- In July 2022, the Board and shareholders approved the issue of an additional new award called the STP. The STP has a five-year vesting period and participants receive a 12.5% share in shareholder value (share price plus dividends) created above a £6 per share hurdle over a five-year performance period commencing from the grant date, subject to continuing employment. For Directors and senior leaders, the STP will be equity-settled. For other employees, the STP will be settled in cash. There is a cap of £88.0m on the value of awards that may vest, and the awards have a range of grant dates based on the tranche that each participant falls into.
- On 5 July 2022, nil cost options were issued under the STP to certain Directors and other senior employees which vest and become exercisable on the fifth anniversary of the grant date, subject to continuing employment.

c) RSP

- The RSP is a discretionary executive share plan under which the Board may grant options over shares in Saga plc.
- During the year, nil cost options over 2,269,377 shares were issued under the RSP to certain Directors and other senior employees that vest and become exercisable on the third anniversary of the grant date, subject to continuing employment. There are no cash settlement alternatives.

34 For details of the restatement, please see Notes 2.5, 19a and 28

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36 Share-based payments continued

d) Long-term Incentive Plan (LTIP)

- The LTIP is a legacy discretionary executive share plan, under which the Board may, within certain limits and subject to applicable performance conditions, grant options over shares in Saga plc. There are no cash settlement alternatives.
- Up to 31 January 2017, these options are 50% linked to a non-market vesting condition, earnings per share, and 50% linked to a market vesting condition, total shareholder return (**TSR**).
- From 1 February 2017 to 31 January 2018, these options were 60% linked to non-market vesting conditions (30% linked to basic earnings per share and 30% linked to organic earnings per share) and 40% linked to a market vesting condition, TSR.
- From 1 February 2018, these options were 60% linked to non-market vesting conditions (30% linked to organic earnings per share and 30% linked to return on capital employed (**ROCE**)) and 40% linked to a market vesting condition, TSR.
- From 1 February 2019, these options are 75% linked to non-market vesting conditions (50% linked to operational and strategic measures and 25% linked to ROCE) and 25% linked to a market vesting condition, TSR.

e) DBP

- On 26 May 2023, nil cost options over 376,557 shares were issued under the DBP to Executive Directors, reflecting their deferred bonus in respect of 2022/23, which vest and become exercisable on the third anniversary of the grant date. Under the DBP, executives receive a maximum of two-thirds of the bonus award in cash and a minimum of one-third in the form of rights to shares of the Company. There are no cash settlement alternatives.

f) Employee Free Shares

- On 8 August 2023, 595,791 shares were awarded to eligible employees on the ninth anniversary of the IPO and allocated at nil cost; these shares become beneficially owned over a three-year period from allocation, subject to continuing service. There are no cash settlement alternatives.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid, or payable, by the recipient on receipt of the option. The options carry neither rights to dividends, nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. With the exception of share options granted at the time of the IPO, if an employee ceases to be employed by the Group, the option rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

The table below summarises the movements in the number of share options outstanding for the Group and their weighted average exercise price:

	IPO options	RSP	LTIP	DBP	STP	Employee Free Shares	Total
At 1 February 2023	7,320	3,851,929	63,565	710,855	–	492,048	5,125,717
Granted	–	2,269,377	–	376,557	–	595,791	3,241,725
Forfeited	–	(1,621,367)	–	(68,410)	–	(95,686)	(1,785,463)
Exercised	(4,946)	(206,473)	(31,180)	(81,322)	–	(115,054)	(438,975)
At 31 January 2024	2,374	4,293,466	32,385	937,680	–	877,099	6,143,004
Exercise price	£nil	£nil	£nil	£nil	£nil	£nil	**£nil**
Exercisable at 31 January 2024	2,374	408,268	32,385	42,360	–	249,138	734,525
Average remaining contractual life	–	1.5 years	–	1.4 years	3.4 years	1.5 years	1.5 years
Average fair value at grant	£27.75	£1.99	£7.43	£2.28	n/a	£3.38	£2.27

The average fair values at grant date have been restated to reflect the impact of the share consolidation on 13 October 2020.

The weighted average share price at the date of exercise for share options exercised during the year ended 31 January 2024 was £1.33 (2023: £1.48).

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration schemes operated by the Group.

	RSP	DBP
Expected life of share option	3 years	3 years
Weighted average share price	£1.75	£1.11

As at 31 January 2024, the Group did not hold any liability in relation to cash-settled share-based remuneration that had vested by the end of the year.

As only limited historical data for the Group's share price is available, the Group estimated the Company's share price volatility as an average of the volatilities of its TSR comparator group over a historical period commensurate with the expected life of the award immediately prior to the date of the grant for awards under the RSP, DBP and Employee Free Share scheme.

For awards under the STP scheme, approved in July 2022, a volatility assumption of 31% has been employed, calculated based on volatility in Saga plc's historical share price in the five years to 31 December 2019. This time period was selected to strip out the impact of the COVID-19 pandemic, which has had a significant impact on Saga's business since the beginning of 2020. The impacts on the share price of profit warnings in December 2019 and April 2019 have also been excluded from the calculation.

The total amount charged to the income statement in the year ended 31 January 2024 is £3.4m (2023: £3.9m). This has been charged to administrative and selling expenses.

The Group did not enter into any share-based payment transactions with parties other than employees during the current period.

37 Commitments and contingencies

a) Lease commitments

The Group leases various river cruise ships, offices, warehouses, equipment and vehicles. The contract lengths of the leases vary considerably and may include extension or termination options. Where it is reasonably certain that an extension option will be triggered in a contract, lease payments to be made in respect of the option are included in the measurement of the lease liability. Future minimum lease payments under lease contracts, together with the present values of the net minimum lease payments, are as follows:

	2024 £m	2023 £m
Within one year	6.9	11.5
Between one and five years	16.5	15.4
After five years	7.6	11.1
Total minimum lease payments	31.0	38.0
Less amounts representing finance charges	(4.7)	(5.4)
Present value of minimum lease payments	**26.3**	**32.6**

As at 31 January 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 £22.3m (2023: £nil). These lease commitments related to the river cruise vessels, Spirit of the Douro and Spirit of the Moselle, and an office building.

During the year ended 31 January 2023, management reviewed the allocation of costs under its river cruise charter agreements. As a consequence, a proportion of costs previously included as lease costs for Spirit of the Rhine were reassessed as costs of ongoing service provision. Accordingly, the right-of-use asset and liability relating to this ship have been adjusted in the prior year, reflecting a prospective change in estimate as required under IAS 8. For Spirit of the Danube, a similar treatment has been applied. Please refer to Note 18 for further detail.

b) Commitments

As at 31 January 2024, the capital amount contracted for, but not provided for, in the financial statements in respect of property, plant and equipment, amounted to £nil (2023: £nil).

c) Contingent liabilities

The CAA and ABTA regulate the Group's River Cruise and Travel businesses. ABTA requires the Group to put in place bonds to provide customer protection. At 31 January 2024, the Group had £46.9m (2023: £28.4m) of Ocean Cruise and Travel related bonds in place.

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38 Assets held for sale

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

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

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

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

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

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

39 Subsidiaries

The entities listed below are subsidiaries of the Company or Group. The ordinary equity shares of all subsidiary undertakings are 100% owned. All subsidiary undertakings are included within the consolidated financial statements. The registered office address for all entities registered in England is 3 Pancras Square, London, N1C 4AG, United Kingdom. The registered office address of Acromas Insurance Company Limited is 57/63 Line Wall Road, Gibraltar. The registered office address of Saga Cruises GmbH is Industriegebiet Süd, 26871, Papenburg, Niedersachsen, Germany. The registered office address of Saffron Maritime Limited is Aspire Corporate Services Limited, PO Box 191, Elizabeth House, Ruettes Brayes, St Peter Port, Guernsey, GY1 4HW.

Company name	Country of registration	Nature of business
Saga Personal Finance Limited	England	Delivery of regulated investment products
Saga Services Limited	England	Regulated Insurance broking
Acromas Insurance Company Limited	Gibraltar	Insurance underwriting
CHMC Limited[35]	England	Motor accident management
PEC Services Limited[35]	England	Repairer of automotive vehicles
ST&H Limited	England	Tour operating
Saga Travel Group (UK) Limited	England	Tour operating
Saga Travel Group Limited	England	Tour operating
Titan Transport Limited	England	Tour operating
Saga Cruises Limited	England	Cruising
Saga Cruises V Limited	England	Cruising
Saga Cruises VI Limited	England	Cruising
Saga Cruises GmbH	Germany	Cruising
Saga Crewing Services Limited[35]	England	Cruising
Saffron Maritime Limited	Guernsey	Cruising
CustomerKNECT Limited[35]	England	Mailing house
Saga Mid Co Limited	England	Debt service provider
Saga Publishing Limited[35]	England	Publishing
Saga Membership Limited[35]	England	Customer loyalty scheme
CHMC Holdings Limited	England	Dormant holding company
ST&H Group Limited	England	Holding company
Saga Leisure Limited[35]	England	Holding company
Saga Group Limited	England	Provision of administrative function for central costs
Confident Services Limited	England	Dormant company
Saga Radio (North West) Limited	England	Dormant company
The Big Window Consulting Limited[35] (Notes 13b and 13c)	England	Research and insight analysis

In addition to the above, the directors consider that, under the terms of the contractual arrangements in place, Saga plc has control over the Saga EBT. The results and net assets of the EBT have, therefore, been included in the Group consolidation. The registered office of the EBT is 26 New Street, St Helier, Jersey JE2 3RA.

35 These subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 31 January 2024. As required, Saga plc, the ultimate parent undertaking and controlling party of the Group, guarantees all outstanding liabilities to which these subsidiary companies are subject at the end of the financial year, until they are satisfied in full. This is in accordance with Section 479C of the Companies Act 2006. The guarantee is enforceable against Saga plc as the ultimate parent undertaking, by any person to whom the subsidiary companies listed above are liable in respect of those liabilities

Notes to the consolidated financial statements
continued

40 Related party transactions

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

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

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

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

41 Events after the reporting period

Since 31 January 2024, the Group agreed a further extension to the termination date of the loan facility with Roger De Haan, from 31 December 2025 to 30 April 2026, details of which are set out in Notes 30 and 40 above, in addition to a reduction in the notice period required for drawdown of the loan to 10 business days.

Company financial statements of Saga plc
Balance sheet

	Note	2024 £m	2023 £m
Fixed assets			
Investment in subsidiaries	2	167.3	167.3
Current assets			
Debtors – amounts falling due after more than one year	3	505.4	521.3
Debtors – amounts falling due within one year	3	2.2	3.3
		507.6	**524.6**
Creditors – amounts falling due within one year	4	**(5.8)**	**(2.9)**
Net current assets		**501.8**	**521.7**
Creditors – amounts falling due after more than one year	5	**(398.2)**	**(397.2)**
Net assets		**270.9**	**291.8**
Capital and reserves			
Called up share capital	6	21.3	21.1
Share premium account		648.3	648.3
Own shares held reserve		(1.2)	–
Retained deficit		(407.6)	(386.6)
Share-based payment reserve		10.1	9.0
Total shareholders' funds		**270.9**	**291.8**

The Company has not presented its own profit and loss account as permitted by Section 408(3) of the Companies Act 2006 (the **Act**). The loss included in the financial statements of the Company, determined in accordance with the Act, was £22.0m (2023: £407.1m loss).

Company number: 08804263

The Notes on pages 183-186 form an integral part of these financial statements.

Signed for and on behalf of the Board on 16 April 2024 by

M Hazell
Group Chief Executive Officer

M Watkins
Group Chief Financial Officer

Company financial statements of Saga plc
Statement of changes in equity

	Called up share capital £m	Share premium account £m	Own shares held reserve £m	Retained earnings/ (deficit) £m	Share-based payment reserve £m	Total equity £m
At 1 February 2022	21.1	648.3	–	18.1	7.5	695.0
Loss for the financial year	–	–	–	(407.1)	–	(407.1)
Share-based payment charge	–	–	–	–	3.9	3.9
Transfer upon vesting of share options	–	–	–	2.4	(2.4)	–
At 31 January 2023	**21.1**	**648.3**	**–**	**(386.6)**	**9.0**	**291.8**
Loss for the financial year	–	–	–	(22.0)	–	(22.0)
Issue of share capital (Note 6)	0.2	–	–	–	–	0.2
Share-based payment charge	–	–	–	–	2.9	2.9
Own shares transferred in the year	–	–	(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)**	**(407.6)**	**10.1**	**270.9**

The Notes on pages 183-186 form an integral part of these financial statements.

Notes to the Company financial statements

1.1 Accounting policies

a) Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (**FRS 101**).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 (the **Act**) and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared under the historical cost convention, as modified by derivative financial assets and financial liabilities measured at fair value through profit or loss and, in accordance with the Act, are prepared on a going concern basis (please refer to Note 2.1 of the Saga plc consolidated accounts on page 110 for an assessment of the going concern basis for the Group and the Company).

The Company's financial statements are presented in sterling and all values are rounded to the nearest hundred thousand (£m), except when otherwise indicated.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2024.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of International Financial Reporting Standard (**IFRS**) 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of International Accounting Standard (**IAS**) 1 'Presentation of Financial Statements'.
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- The requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'.
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment'.

b) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less a provision for impairment and are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

c) Debtors

Trade and other debtors are initially recognised at fair value and, where the time value of money is material, subsequently measured at amortised cost using the effective interest rate (**EIR**) method. Provision for impairment is made using the simplified approach set out in IFRS 9, whereby no credit loss allowance is recognised on initial recognition and then, at each subsequent reporting date, the loss allowance will be the present value of the expected cash flow shortfalls over the remaining life of the debtors (i.e. lifetime expected credit losses (**ECLs**)). Balances are written off when the probability of recovery is assessed as being remote.

Amounts due from Group undertakings are classified as debtors. They have no fixed date of payment and are payable on demand. The amounts due from Group undertakings are disclosed at amortised cost.

d) Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date. Deferred tax is charged, or credited, in the income statement, except when it relates to items charged or credited in other comprehensive income (**OCI**), in which case the deferred tax is dealt with in OCI.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

e) Share-based payments

The Company provides benefits to employees (including Directors) of Saga plc and its subsidiary undertakings, in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is measured by reference to the fair value on the grant date and is recognised as an expense over the relevant vesting period, ending on the date on which the employee becomes fully entitled to the award.

Fair values of share-based payment transactions are calculated using market price and Monte Carlo modelling techniques.

In valuing equity-settled transactions, assessment is made of any vesting conditions to categorise these into market performance conditions, non-market performance conditions and service conditions.

Where the equity-settled transactions have market performance conditions (that is, performance which is directly or indirectly linked to the share price), the fair value of the award is assessed at the time of grant and is not changed, regardless of the actual level of vesting achieved, except where the employee ceases to be employed prior to the vesting date.

For service conditions and non-market performance conditions, the fair value of the award is assessed at the time of grant and is reassessed at each reporting date to reflect updated expectations for the level of vesting. No expense is recognised for awards that ultimately do not vest.

Notes to the Company financial statements
continued

1.1 Accounting policies continued

At each reporting date prior to vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and, in the case of non-market conditions, the best estimate of the number of equity instruments that will ultimately vest or, in the case of instruments subject to market conditions, the fair value on grant adjusted only for leavers. The movement in the cumulative expense since the previous reporting date is recognised in the income statement, with the corresponding increase in share-based payments reserve.

Upon vesting of an equity instrument, the cumulative cost in the share-based payments reserve is reclassified to reserves.

f) Equity

The Group has ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

g) Own shares

Own shares represent the shares of the Company that are held by an Employee Benefit Trust (**EBT**). Own shares are recorded at cost and deducted from equity. The Directors consider that, under the terms of the contractual arrangements in place, Saga plc has control over the EBT. The results and net assets of the EBT have, therefore, been included in the Group consolidation.

h) Financial instruments

i) Financial assets

On initial recognition, a financial asset is classified as either amortised cost, fair value through other comprehensive income (**FVOCI**) or fair value through profit and loss (**FVTPL**). The classification of financial assets is based on the business model in which a financial asset is managed, and its contractual cash flow characteristics.

The Company measures all financial assets at fair value at each reporting date, other than those instruments measured at amortised cost.

The Company's financial assets at amortised cost include amounts due from Group undertakings. The Company does not hold any financial assets classified as FVOCI or FVTPL.

Financial assets at amortised cost

Initial recognition and measurement

A financial asset is classified at amortised cost if it meets both of the following conditions and is not elected to be designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

These assets are subsequently measured at amortised cost using the EIR method. The amortised cost is reduced by impairment losses (see (ii) below). Impairment losses are recognised in profit or loss as they are incurred. Any gain or loss on derecognition is recognised in profit or loss immediately.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or when the Company has transferred substantially all the risks and rewards relating to the asset to a third party.

ii) Impairment of financial assets

The ECL impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI.

The Company measures loss allowances at an amount equal to 12-month ECLs, except for trade receivables and contract assets that result from transactions within the scope of IFRS 15.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are measured as a probability-weighted estimate of credit losses. Credit losses are measured as the probability of default in conjunction with the present value of the Group's exposure. Loss allowances for ECLs on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, with a corresponding charge to the income statement.

iii) Financial liabilities

Initial recognition and measurement

All financial liabilities are classified as financial liabilities at amortised cost on initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities comprise loans and borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

i) Audit remuneration

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

1.2 Significant accounting judgements, estimates and assumptions

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

Significant estimates

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

The table below sets out those items the Company considers susceptible to changes in critical estimates and assumptions together with the relevant accounting policy.

Acc. policy	Items involving estimation	Sources of estimation uncertainty
1.1b	Investment in subsidiaries impairment testing	The Company determines whether investment in subsidiaries needs to be impaired when indicators of impairment exist. This requires an estimation of the value-in-use of the subsidiaries owned by the Company. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the subsidiaries, discounted at a suitably risk-adjusted rate in order to calculate present value. Sensitivity analysis has been undertaken to determine the effect of changing the discount rate, the terminal value and earnings before interest, tax, depreciation and amortisation (**EBITDA**) multiple on the present value calculation, which is shown in Note 2 below.

2 Investment in subsidiaries

	£m
Cost	
At 1 February 2022	4,132.7
At 31 January 2023 and 31 January 2024	**4,132.7**
Impairment	
At 1 February 2022	3,580.4
Charge in the year	385.0
At 31 January 2023 and 31 January 2024	3,965.4
Net book value	
At 31 January 2024	**167.3**
At 31 January 2023	167.3

See Note 39 to the consolidated financial statements for a list of the Company's investments.

The net assets of the Company were in excess of its market capitalisation at 31 January 2024, thus constituting an indicator of impairment. An impairment assessment was, therefore, performed in which the recoverable amount of the investment was compared to its carrying value.

The recoverable amount of the Company's investment in subsidiaries has been determined based on a sum-of-the-parts valuation, by deriving a value-in-use for each of the Group's businesses, using discounted cash flow projections from the Group's Board-approved five-year plan to 2028/29 for certain parts of the business, and EBITDA multiples to estimate the present value of future dividend streams for other subsidiaries.

For the discounted cash flow projections, a terminal value has been calculated using the Gordon Growth Model based on the fifth year of those projections and an annual growth rate of 2.0% (2023: 2.0%) as the expected long-term average nominal growth rate of the UK economy. The cash flows have then been discounted to present value using a suitably risk-adjusted nominal discount rate relevant to each of the segments. As at 31 January 2024, the range of pre-tax discount rates used was 13.0% to 15.3% (2023: 13.0% to 14.7%). As per IAS 36.44, incremental cash flows directly attributable to growth initiatives not yet enacted at the balance sheet date have been removed for the purpose of the value-in-use calculation.

In the current year, the recoverable amount when compared against the carrying value of the investment in subsidiaries resulted in headroom of £336.0m in a base scenario. Management, therefore, concluded that it is not necessary to impair the investment in subsidiaries, nor would it be appropriate to reverse any impairment already recognised in previous years at this point.

In the prior year, the recoverable amount when compared against the carrying value of the investment in subsidiaries resulted in a deficit of £385.0m, therefore, management considered it necessary to impair the investment in subsidiaries balance to its value-in-use of £167.3m. An impairment charge of £385.0m was recognised in the year to 31 January 2023.

Notes to the Company financial statements
continued

2 Investment in subsidiaries continued

The headroom calculated is most sensitive to the EBITDA multiple, the discount rate, and the terminal growth rate assumed. A quantitative sensitivity analysis for each of these as at 31 January 2024 and its impact on the headroom/(deficit) against the carrying value of investment in subsidiaries is as follows:

	EBITDA multiple		Pre-tax discount rate		Terminal growth rate	
	+1x £m	−1x £m	+1.0ppt £m	−1.0ppt £m	+1.0ppt £m	−1.0ppt £m
Impact	98.4	(98.4)	(32.5)	38.6	32.6	(27.1)

3 Debtors

	2024 £m	2023 £m
Amounts falling due after more than one year		
Amounts due from Group undertakings	505.4	521.3
	505.4	**521.3**

	2024 £m	2023 £m
Amounts falling due within one year		
Deferred tax asset	2.2	2.0
Other debtors	–	1.3
	2.2	**3.3**

For amounts due from Group undertakings, the ECLs are considered to be immaterial.

4 Creditors – amounts falling due in less than one year

	2024 £m	2023 £m
Other creditors	4.1	1.1
Accrued interest and fees payable	1.7	1.8
	5.8	**2.9**

5 Creditors – amounts falling due in more than one year

	2024 £m	2023 £m
Bonds	400.0	400.0
Unamortised issue costs	(1.8)	(2.8)
	398.2	**397.2**

Please refer to Note 30 of the Saga plc consolidated accounts on pages 170-172 for further details relating to the bonds.

6 Called up share capital

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

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

7 Commitments

The Company has provided guarantees for the Group's bonds, ship debt, Revolving Credit Facility and bank overdraft (please refer to Notes 25 and 30 of the Saga plc consolidated accounts on pages 161, and 170-172).

Alternative Performance Measures Glossary

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

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

Underlying Revenue

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

This measure is useful for presenting the Group's underlying trading performance as it excludes non-cash technical accounting adjustments and one-off financial impacts that are not expected to recur. It is reconciled to statutory revenue within the Group Chief Financial Officer's Review on page 30.

Underlying Profit/(Loss) Before Tax

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

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

It is reconciled to statutory loss before tax within the Group Chief Financial Officer's Review on page 19.

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

Underlying Profit Before Tax (Under Previous IFRS)

Underlying Profit Before Tax (Under Previous IFRS) represents Underlying Profit Before Tax, as described above, but under the previous IFRS 4 'Insurance Contracts', as opposed to IFRS 17 'Insurance Contracts'. The measure is consistent with the forecasts of external analysts that are collated into the company-compiled consensus and allows stakeholders to make meaningful comparisons with historic reporting.

Trading EBITDA/Adjusted Trading EBITDA

Trading EBITDA is defined as earnings before interest payable, tax, depreciation and amortisation, and excludes the IAS 19R pension charge, exceptional costs and impairments. Adjusted Trading EBITDA also excludes the impact of IFRS 16 'Leases' and the Trading EBITDA relating to the two ocean cruise ships, Spirit of Discovery and Spirit of Adventure, in line with the covenant on the Group's Revolving Credit Facility (**RCF**). It is reconciled to Underlying Profit Before Tax within the Group Chief Financial Officer's Review on page 30. Underlying Profit Before Tax is reconciled to statutory loss before tax within the Group Chief Financial Officer's Review on page 19.

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

Ocean Cruise Trading EBITDA (Excluding Overheads)

Ocean Cruise Trading EBITDA (Excluding Overheads) reflects the Trading EBITDA for the Ocean Cruise business, adjusted to exclude the corresponding overheads for those operations. This measure is comparable with the £40.0m per annum per ship target that was set at the time the ocean cruise ships were purchased and is reconciled to Ocean Cruise Trading EBITDA on page 31 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 pages 24-25.

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 pages 24-25.

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

Underlying Basic Earnings/(Loss) Per Share

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

- unrealised fair value gains and losses on derivatives;
- the net loss on disposal of assets;
- discretionary Ocean Cruise customer ticket refunds and associated costs;
- impairment of the carrying value of assets, including Insurance goodwill;
- impact of changes in the discount rate on non-PPO liabilities[3];
- fair value losses on debt securities;
- foreign exchange gains on river cruise ship leases;
- costs and amortisation of fees relating to the facility with Roger De Haan;
- movements in the insurance onerous contract provisions (net of reinsurance recoveries)[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 12 to the accounts on page 139.

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

Available Cash

Available Cash represents cash held by subsidiaries within the Group that is not subject to regulatory restrictions, net of any overdrafts held by those subsidiaries. This measure is reconciled to the statutory measure of cash in Note 25 to the accounts on page 161.

Available Operating Cash Flow

Available Operating Cash Flow is net cash flow from operating activities after capital expenditure but before tax, interest paid, restructuring costs, proceeds from business and property disposals and other non-trading items, which is available to be used by the Group as it chooses and is not subject to regulatory restriction. It is reconciled to statutory net cash flow operating activities within the Group Chief Financial Officer's Review on page 30.

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 33.

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 33.

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

Glossary

ABTA (Association of British Travel Agents) the trade association for tour operators and travel agents in the UK, of which the Group's Cruise and Travel businesses are members

Act the UK Companies Act 2006, applicable to Saga, as amended from time to time

Add-on an ancillary insurance product that is actively marketed and sold in addition to a core policy

AGM (**Annual General Meeting**) to be held at 11.00am on 25 June 2024 at Numis Securities Limited, 45 Gresham Street, London EC2V 7BF

AICL (Acromas Insurance Company Limited) the Group's Insurance Underwriting business

Annual Bonus Plan an incentive provided to the Executive Directors, linked to achievement in delivering goals that are closely aligned with the Group's strategy

Annual policy a 12-month insurance policy, sold by the Group's Insurance Broking business, with no option for the customer to fix the premium at renewal

APMs (Alternative Performance Measures) a series of measures which are not required, or commonly reported, under accounting standards but are used by the Group to help users better understand the financial performance and position of the business

ATOL (Air Travel Organiser's Licencing) government-run financial protection scheme operated by the Civil Aviation Authority, the regulators of the Group's River Cruise and Travel businesses

Board Saga plc Board of Directors

CAA (Civil Aviation Authority) one of the bodies that regulates the Group's River Cruise and Travel businesses

CDSO (Chief Data and Strategy Officer) Michael O'Donohue for the 2024/24 financial year

CEO (Chief Executive Officer) Euan Sutherland until 28 November 2023, followed by Mike Hazell for the remainder of the 2023/24 financial year

CFO (Chief Financial Officer) James Quin until 9 October 2023, followed by Mike Hazell until 28 November 2023, and Mark Watkins for the remainder of the 2023/24 financial year

CGU (cash generating unit) smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

CII (Carbon Intensity Indicator) new regulations, applicable to the Group's Ocean Cruise business, introduced during 2023/24, enabling the cruise industry to meet their emission targets

CIIA (Chartered Institute of Internal Auditors) body representing internal auditors in the UK

Clawback a requirement, within the Group's Remuneration Policy, for executive directors to return remuneration or benefits to a company in special circumstances

Code the UK Corporate Governance Code published by the UK Financial Reporting Council setting out guidance in the form of principles and provisions to address the principal aspects of corporate governance

Company Saga plc

Contract boundary the measurement of the Group's insurance contracts issued, and reinsurance contracts, which reflects all future cash flows arising from insurance coverage within the boundary of each contract

COR (combined operating ratio) the ratio of the claims costs and expenses incurred to underwrite insurance (numerator), to the revenue earned by the Group's Insurance Underwriting business (denominator) in a given period. Can otherwise be calculated as the sum of the loss ratio and expense ratio

CPO (Chief People Officer) Roisin Mackenzie for the 2023/24 financial year

CustomerKNECT the Group's in-house mailing and printing business, formerly known as MetroMail

DBP (Deferred Bonus Plan) reward scheme, within the Group's Remuneration Policy, used to incentivise colleagues over the longer term, ensuring alignment with Company goals

DE&I (diversity, equity and inclusion) the agenda under which the Group is committed to creating an inclusive culture where all colleagues can bring their full and authentic selves to work

DPA (Data Protection Act) a UK law, applicable to the Group, that regulates the use and protection of personal data

DTRs (Disclosure and Transparency Rules) rules published by the UK Financial Conduct Authority relating to the disclosure of information by a company, such as Saga plc, listed in the UK

Earnings per share represents underlying shareholder value generated in a given period

EBITDA earnings before interest, tax, depreciation and amortisation of acquired intangibles, non-trading costs and impairments

EBT (Employee Benefit Trust) a discretionary trust set up by the Group to hold shares on behalf of employees

ECL (expected credit loss) probability-weighted estimate of credit losses over the life of a financial instrument

EEXI (Energy Efficiency eXisting ship Index) benchmark used to indicate a ship's energy efficiency, in which the Group's ocean ships achieve an 'A' rating

EIR (effective interest rate) the rate that exactly discounts the Group's estimated future cash flows to the gross carrying amount of a financial asset or amortised cost of a financial liability

ENIDS (events not in data) provision applied to the Group's Insurance Underwriting business under International Financial Reporting Standard 17 'Insurance Contracts'

EQ (Equiniti) the Group's share registrar and first point of contact for shareholding-related enquiries

Equity-settled transactions instances where services received from colleagues are settled in the form of shares, or share options, in the Group

Escrow Accounting an arrangement with the Civil Aviation Authority whereby the Group holds 70% of customer monies received in advance, in relation to ATOL licensable bookings, until they return from their holiday

ESEF (European Single Electronic Format) the electronic reporting format that the Group must use to prepare annual financial reports

ESG (Environmental, Social and Governance) central factors in measuring the sustainability and societal impact of the Group

ESG Champion Non-Executive Director responsible for ensuring that the Board consider ESG strategy, as part of decision-making, and promoting ESG principles. Eva Eisenschimmel until 31 December 2023, then Gemma Godfrey for the remainder of the 2023/24 financial year

Glossary
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EU ETS (European Union Emissions Trading System) a greenhouse gas emission trading scheme intended to measure emissions within the European Union

Executive Director of Saga plc (unless otherwise stated)

Expense ratio the ratio of expenses incurred to underwrite insurance (numerator) to the revenue earned by the Group's Insurance Underwriting business (denominator) in a given period

Experienced Voices a panel of our customers who participate in research for the Group

FAME (fatty acid methyl ester) a biofuel mix which was trialled in our ocean cruise ship, Spirit of Adventure, with the aim of reducing emissions

FCA (Financial Conduct Authority) the independent UK body that regulates the financial services industry, including the Group's Insurance Broking and Money businesses

Free Shares the gift of shares to colleagues to recognise their contributions towards the Group's performance

FRS (Financial Reporting Standard) accounting standards issued by the International Financial Reporting Standards Foundation

FSC (Financial Services Commission) regulator for the non-bank financial services sector and global business

FTSE Women Leaders Review an independent framework, which the Group reports against, that sets recommendations to improve the representation of women in leadership roles across the UK's largest companies

Fulfilment cash flows probability-weighted estimate of future cash inflows and outflows that will arise as the Group fulfils an insurance contract, that includes allowance for discounting and an explicit adjustment for non-financial risk

FRC (Financial Reporting Council) an independent body, responsible for regulating auditors, accountants and actuaries in the United Kingdom

FVOCI (fair value through other comprehensive income) one of three classification categories for the Group's financial assets under International Financial Reporting Standard 9 'Financial Instruments'

FVTPL (fair value through profit and loss) one of three classification categories for the Group's financial assets under International Financial Reporting Standard 9 'Financial Instruments'

GAAP (Generally Accepted Accounting Principles) a common set of accounting principles, standards and procedures issued by the Financial Accounting Standards Board

GBP (Great British Pounds) the currency of the Group's consolidated financial statements

GDPR (General Data Protection Regulation) data protection regulation introduced in 2018 that applies to most UK businesses, including the Group

GFSC (Gibraltar Financial Services Commission) independent Gibraltar body that regulates the Group's Insurance Underwriting business

GHG (greenhouse gas) a type of gas for which Saga provides annual reporting on its emissions

GIPP (General Insurance Pricing Practices) a review into pricing practices within the UK insurance market conducted by the Financial Conduct Authority

Gross premium the premium that the Group charges to a customer in respect of insurance cover

Group the Saga plc group

Host insurance contract the total cash flows arising from all insurance contracts of the Group, considered as a whole

Hurdle the level at which the Saga Transformation Plan begins to reward colleagues, currently set at £6.00, including share price and dividends

IAA (Internal Audit and Assurance) the Group's Internal Audit and Assurance function

IAS (International Accounting Standards) accounting standards issued by the International Accounting Standards Committee

IBNR (incurred but not reported) a claims reserve provided to meet the estimated cost of claims that have occurred, but have not yet been reported to the insurer

IEA (International Energy Agency) global organisation which provides policy recommendations, analysis and data on the energy sector

IFRS (International Financial Reporting Standards) accounting standards issued by the International Accounting Standards Board

IMO (International Maritime Organization) a specialised agency of the United Nations responsible for regulating shipping

Insurance acquisition cash flows acquisition costs arising from the selling or renewing of insurance policies underwritten by the Group

IPCC (Intergovernmental Panel on Climate Change) the United Nations body for assessing the science related to climate change

IPO (Initial Public Offering) the first sale of shares by a previously unlisted company to investors on a securities exchange

IPT (insurance premium tax) tax payable on general insurance premiums in the UK

IR (Investor Relations) the team responsible for facilitating communication between the Group and its investors

ISA (individual savings account) a type of savings account offered to customers through the Group's Money business, Saga Personal Finance Limited

JFSC (Jersey Financial Services Commission) the regulatory body for financial services in Jersey which regulates our Insurance Broking and Underwriting businesses

KPI (key performance indicator) quantifiable measures that the Group uses to evaluate performance

KPMG (KPMG LLP) the Group's independent auditor, appointed for the financial year ended 31 January 2018

Leverage ratio the ratio of Adjusted Net Debt to Adjusted Trading EBITDA

Liability for incurred claims the Group's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not yet been reported, and other incurred insurance expenses

Liability for remaining coverage the Group's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred

Load factor the booked proportion of the total capacity across the Group's two ocean ships, calculated by dividing the number of berths booked by the total berths available

Loss ratio the ratio of the claims costs (numerator) to the net earned premium (denominator) in a given period

LR (Listing Rules) a set of mandatory regulations of the UK Financial Conduct Authority applicable to a company listed on the London Stock Exchange

LSE (London Stock Exchange) the stock exchange upon which Saga plc is listed

LTIP (Long-Term Incentive Plan) legacy reward scheme used to incentivise colleagues over the longer term, ensuring alignment with Company goals

Malus an arrangement that permits the forfeiture of unvested remuneration awards in circumstances the Company considers appropriate

Management Report the Directors' Report, together with the Strategic Report within this document

Master Trust the Group's defined contribution pension scheme, operated by Aviva

MMQ (middle market quotation) the average of the best buying and selling prices quoted by market makers taken at the close of the market each day

MSCI (Morgan Stanley Capital International) a leading provider of investment decision-making products with a focus on ESG and climate analysis tools

NED (Non-Executive Director) of Saga plc (unless otherwise stated)

Net premium the component of gross premium that is charged by the Group's Insurance Underwriter for each insurance claim

New business new insurance policies, sold by the Group, to customers that do not have an existing policy

OCI (other comprehensive income) revenues, expenses, gains and losses under International Financial Reporting Standards that are excluded from the income statement

Operating Board the first layer of the Group's management below Board level

PAA (premium allocation approach) International Financial Reporting Standard 17's simplified accounting approach. Insurance and reinsurance contracts are eligible if they have a coverage period of one year or less or, if at initial recognition, the measurement of the liability for remaining coverage is not expected to differ materially to that under the general measurement model

Parker Review an independent framework of business professionals who aim to encourage greater diversity of UK boards by 2024, for which the Group meets the recommendation

PBT (profit before tax) one of the Group's primary key performance indicators

People Champion Non-Executive Director responsible for ensuring colleagues' views and opinions are communicated to the Board. Eva Eisenschimmel until 31 December 2023, then Julie Hopes for the remainder of the 2023/24 financial year

People Committee a monthly forum, chaired by the Chief People Officer and attended by Lead Colleague Ambassadors from across the Group, allowing colleagues to share their thoughts and views

Per diem the total amount of Cruise revenue earned per passenger per day

PMI (private medical insurance) one of the products offered within the Group's Insurance Broking business

Policies in force the number of core insurance policies in force at any given time

Policy the Saga plc Remuneration Policy, as approved by shareholders at the 2022 Annual General Meeting

PPO (periodic payment order) a court order prescribing settlement of an insurance claim through regular payments

PRUs (principal risks and uncertainties) the most significant risks threatening the Group

PwC PricewaterhouseCoopers International Limited

RCF (Revolving Credit Facility) the facility that the Group has in place with its lending banks, allowing drawdown of funds up to £50.0m

Real living wage a pay rate that is independently calculated, based on the cost of living and is typically higher than the national minimum wage

Reinsurance contractual arrangements where an insurer transfers part, or all, of the insurance risk written to another insurer, in exchange for a share of the customer premium

Relationship Agreement agreement that regulates the relationship between the Group and Roger De Haan

Renewals relates to an insurance policy that has been renewed by an existing customer

Risk adjustment one of the components for measuring the liability for incurred claims under International Financial Reporting Standard 17, being an explicit margin above the expected future cash flows that represents the compensation required for bearing non-financial uncertainty

ROCE (return on capital employed) a financial ratio used as a performance condition under the Group's legacy long-term incentive plan

RSP (Restricted Share Plan) share scheme, and corresponding share awards used to incentivise colleagues over the longer term, ensuring alignment with Company goals

S172(1) Section 172(1)(a)-(f) of the Companies Act 2006

Saga Cruise Saga Cruises Limited, Saga Cruises V Limited, Saga Cruises VI Limited, Saga Cruises GmbH, Saga Crewing Services Limited, Saffron Maritime Limited and ST&H Limited

Saga Insurance Saga Services Limited, Acromas Insurance Company Limited, CHMC Holdings Limited, CHMC Limited and PEC Services Limited

Saga Money Saga Personal Finance Limited

Saga Publishing Saga Publishing Limited

Saga Travel Saga Travel Group Limited, Saga Travel Group (UK) Limited and Titan Transport Limited

SBTi (Science Based Targets initiative) a global platform that helps companies set and validate science-based greenhouse gas emissions reduction targets

Scope 3 emissions greenhouse gas emissions present in the value chain which are not directly controlled by the Group

SDGs (Sustainable Development Goals) a series of goals adopted by the United Nations as a universal call to action to end poverty, protect the planet and ensure that, by 2030, all people enjoy peace and prosperity

Senior Managers and Certification Regime a financial services regulation in the UK, designed to impose personal accountability on senior managers in Finance and Insurance

Shareholder Information annual reports, notices of shareholder meetings and other documentation that Saga is required to send to shareholders

Shareholder Reference a unique reference number issued to shareholders of Saga plc

Glossary
continued

Shareview Portfolio an online portal, accessed via www.sagashareholder.co.uk that allows shareholders to manage all aspects of their shareholding in Saga plc

SID (Senior Independent Director) Peter Bazalgette for the 2023/24 financial year

SIP (Share Incentive Plan) a plan available to all colleagues, allowing them to purchase shares in Saga plc through a monthly payroll deduction

SLT (Senior Leadership Team) the second layer of the Group's management below Board level

Solvency capital/Solvency II insurance regulations designed to harmonise European Union insurance regulation. Primarily this concerns the amount of capital that European insurance companies must hold under a measure of capital and risk

SONIA (Sterling Overnight Index Average) a replacement for the London inter-bank offered rate, introduced in the UK in 2021

Speak Up Champion the Non-Executive Director, responsible for the Group's Speak Up Policy, being Gareth Hoskin for the 2023/24 financial year

SPF (Saga Personal Finance) the Group's Personal Finance Business, known as Saga Money

SSL (Saga Services Limited) the Group's Insurance Broking Business

SSP (Shared Socio-economic Pathway) climate change scenarios of projected socio-economic global changes up to 2100 as defined in the IPCC Sixth Assessment Report on climate change in 2021

STP (Saga Transformation Plan) a long-term incentive, as part of the Group's Remuneration Policy, for participants to receive a portion of the value created above a stretching hurdle over a five-year period

STP Hurdle a minimum threshold of £6.00 of shareholder value which must be met for colleagues to be eligible for reward under the Saga Transformation Plan

STP Pool the maximum number of share awards which may vest under the Saga Transformation Plan, being 12.5% of the value created above £6.00 of shareholder value

Street pricing adjustment any adjustment to the net premium of an insurance policy that is applied during the broking service

Subsidiaries entities controlled by the Group, which form Saga Cruise, Saga Travel, Saga Insurance, Saga Money, Saga Publishing, Central Costs and CustomerKNECT

Supplier Relationship Management a systematic approach for developing and managing relationships with third-party suppliers

Supplier Risk Management sets out the approach to third-party risk management including the identification, management and reporting of risk

Swaps fixed price contracts used by the Group to manage its exposure to fuel prices

TCFD (Task Force on Climate-Related Financial Disclosures) part of the regulatory framework introduced by the Financial Stability Board to improve, and increase, reporting on climate-related financial information

tCO_2e tonnes of carbon dioxide equivalent

Teneo (Teneo People Advisory) third-party independent search agency

Termination Date the date of cessation of employment for Executive Directors. For Euan Sutherland, former Group Chief Financial Officer, 31 January 2024 and for James Quin, Former Group Chief Financial Officer, 30 April 2024

the Big Window The Big Window Consulting Limited, a specialist research and insight business focused on the ageing process

Three-year fixed-price policy an insurance policy, provided by the Group, with the option for the customer to fix the premium for three years

tNPS (transactional net promoter score) represents the willingness of customers to recommend the Group's products and services to others following a recent transaction

Trust (The Saga Employee Benefit Trust) trust established to hold assets to provide benefits for employees

Trust Accounting a historical arrangement, with the Civil Aviation Authority, whereby 100% of customer monies received in advance, in relation to ATOL licensable bookings, were held in trust until after they returned from their holiday

Trust Fund property, including, inter-alia money and ordinary shares of the Company, held in trust in favour or for the benefit of colleagues of the Saga Group

TSR (total shareholder return) the theoretical growth in value of a shareholding over a period, by reference to the beginning and ending share price, assuming that dividends, including special dividends, are reinvested to purchase additional units of the equity

UMAS a university-based commercial energy and environmental advisory service to the shipping sector

VaR (Value at Risk) a probability-based estimate of the risk of loss in relation to the Group's portfolio of insurance contracts

VIU (value in use) the expected future cash flows that a given asset is expected to produce, discounted to present value

WACC (weighted average cost of capital) the average cost of capital of a given organisation

Workplace the Group's internal communications platform that keeps colleagues informed and connected via a single, mobile-first channel

Written to earned adjustment the Insurance Broking accounting adjustment, required under International Financial Reporting Standard 15, that spreads revenue which is underwritten by the Group over the life of the insurance policy

Shareholder information

Financial calendar

2024 Annual General Meeting – 25 June 2024

Shareholder information online

The Company will publish annual reports, notices of shareholder meetings and other documents which we are required to send to shareholders (**shareholder information**) on our website. Consenting shareholders will be notified either by post or email, if preferred, each time the Company publishes shareholder information. This allows us to increase speed of communication, reduce our impact on the environment and keep costs to a minimum.

You can change your communication preference via your Shareview Portfolio which can be accessed on our website (www.sagashareholder.co.uk) or by contacting Equiniti (**EQ**). To register, you will require your Shareholder Reference which can be found on most communications from EQ.

Shareview Portfolio is free, secure, easy to use and allows you to elect to receive certain shareholder communications electronically, update your UK bank account details, send your general meeting voting instructions in advance of meetings, keep your contact details up to date and buy and sell shares easily.

Shareholder fraud

Shareholders are advised to be wary of any unsolicited advice or offers, whether over the telephone, through the post or by email. If any such unsolicited communication is received, please check that the company or person contacting you is properly authorised by the Financial Conduct Authority (**FCA**) before engaging. Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way, you may lose your money. For more information, or if you are approached by fraudsters, please visit the FCA website (www.fca.org.uk/consumers/scams), where you can report and find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

Advisers

Corporate brokers

Numis Securities Limited
45 Gresham Street
London EC2V 7BF

Media relations advisers

Headland Consultancy
Cannon Green
1 Suffolk Lane
London EC4R 0AX

Independent auditors

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Legal advisers

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2EG

Registrars

Equiniti Group

For shareholder enquiries, please contact:

Equiniti Group
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder helpline: +44 (0) 371 384 2640

Calls to freephone numbers will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open 8.30am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

customer@equiniti.com

Information for shareholders

Information for investors is provided online on the Group's corporate website (www.corporate.saga.co.uk/investors).

Registered office

Saga plc
3 Pancras Square
London N1C 4AG

Registered in England and Wales. Company Number: 08804263

Corporate websites

Information made available on the Group's websites does not, and is not intended to, form part of this Annual Report and Accounts.

Forward-looking statements

This Annual Report and Accounts contains certain forward-looking statements with respect to Saga's expectations, including strategy, management objectives, future developments and financial position and performance. These statements are subject to assumptions, risks and uncertainties, many of which relate to factors that are beyond Saga's ability to control and which could cause actual results and performance to differ materially from those expressed or implied by these forward-looking statements. Any forward-looking statements made are based upon the knowledge and information available to Directors on the date of this Annual Report and Accounts and are subject to change without notice. Shareholders are cautioned not to place undue reliance on the forward-looking statements. Nothing in this Annual Report and Accounts should be construed as a profit estimate or forecast.

This publication is produced by a CarbonNeutral® company and the paper is Carbon Balanced with World Land Trust.

Balancing is delivered by World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land.

Through protecting standing forests, under threat of clearance, carbon is locked in that would otherwise be released. These protected forests are then able to continue absorbing carbon from the atmosphere, referred to as REDD (Reduced Emissions from Deforestation and forest Degradation). This is now recognised as one of the most cost-effective and swiftest ways to arrest the rise in atmospheric CO_2 and global warming effects. Additional to the carbon benefits is the flora and fauna this land preserves, including a number of species identified at risk of extinction on the IUCN Red List of Threatened Species.

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SAGA PLC
3 Pancras Square
London
N1C 4AG

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Experience is everything