Sabre
INSURANCE GROUP

Half-year Report 2023

Accelerating growth at target margins

Sabre Insurance Group plc (the "Group" or "Sabre"), one of the UK's leading Motor insurance underwriters, reports its half-year results for the six months ended 30 June 2023.

KEY HIGHLIGHTS

- Continued execution of core strategy to focus on margins, with growth as an output
- Core Motor Vehicle book continues to grow strongly, with improving profitability
- Pricing and underwriting actions reflected in net loss ratio improvements across core Motor Vehicle and Motorcycle products compared to the full year 2022, partially offset by underperformance of the developing Taxi product
- Solvency coverage is strong and will remain above our preferred operating range after the payment of the proposed interim dividend
- Interim dividend of 0.9p announced in-line with policy
- Figures quoted below are on an IFRS 17 basis, with reserve discounting changing current and past period profits. Further discussion on this can be found in the CFO review

SUMMARY OF RESULTS

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Unaudited 12 months ended 31 December 2022
Gross written premium	**£99.5m**	£91.8m	£171.3m
Net earned premium	**£71.8m**	£77.5m	£153.2m
Net loss ratio	**62.0%**	65.4%	66.0%
Expense ratio	**31.8%**	27.3%	27.4%
Combined operating ratio	**93.8%**	92.7%	93.4%
Net profit margin	**8.3%**	9.3%	8.6%
Profit before tax	**£4.8m**	£8.6m	£14.0m
Profit after tax	**£3.8m**	£6.7m	£11.1m
Interim dividend per share	**0.9p**	2.8p	2.8p
Special dividend per share	**n/a**	n/a	1.7p
Solvency coverage ratio (pre-interim/final dividend)	**173.0%**	173.2%	161.4%
Solvency coverage ratio (post-interim/final dividend)	**169.0%**	159.7%	153.8%

A reconciliation between IFRS and non-IFRS measures is given in the Appendix. Prior-period figures have been restated under IFRS 17

OUTLOOK

- Premium growth expectations in core Motor Vehicle business increased to between 25% and 30% higher than 2022 based on current run-rates
- Guidance for reduction in gross written premium across Taxi and Motorcycle reiterated as we maintain our underwriting discipline. We expect the reduction across these two products to be in the region of 20%
- Overall, expect gross written premium for the full year to be 15% to 20% ahead of 2022 with further growth anticipated in 2024
- Expense ratio strain in H1 due to low earned premium and one-off development costs expected to improve in H2
- Combined operating ratio guidance at the upper end of 85% to 90% range. This reflects the net effect of performance of the Taxi product and additional growth strain. This also reflects the positive impact of discounting under IFRS 17, and is supported by an emerging strong profit from July, with further improvement expected in 2024 and beyond
- Strong growth at attractive margins this year will support profit growth in future periods

Geoff Carter, Chief Executive Officer of Sabre, commented:

*"*I am pleased with the position we find ourselves in at the half year point, and believe our long-term strategy of disciplined pricing, early assertive corrective actions when required and a tight focus on emerging claims trends continues to prove its value. In a challenging year for the wider market, we continue to anticipate a strong result in our core Motor Vehicle book.

The half year results are in line with our expectations and support our full year projections.

It is useful to consider our portfolio of products in three categories – Established, Maturing and Developing.

In our established Motor Vehicle product account, we are having an excellent year. We took early pricing action in response to inflation and are now reaping the rewards as others in the market continue to catch up. Our year-on-year weekly premium levels have increased from around +20% at Q1 to circa +50%

at the end of June. Crucially, this is being achieved despite implementing a significant rate increase to ensure we cover future claims inflation (still assessed as circa 10%) and move our margin back towards our historic levels.

Our Motorcycle product is maturing well. As expected, premium levels are slightly reduced as underwriting actions last year continue to take effect. We nonetheless anticipate a profitable contribution in 2023 and, having optimised our rates, we are now reviewing additional distribution opportunities.

The Taxi product is still in development phase. Underwriting action was required in the first half of the year to get performance to our required levels and new business is now being written in line with our profit targets. Premium volumes are still being restricted due to market dynamics while the combination of low premium and immature claims means the Taxi business is not likely to deliver a meaningful contribution to profit until 2024. We are, however, satisfied with the way this product is evolving.

Inflation continues to be a factor across the industry, as is a lack of certainty on smaller personal injury claims given legal reviews. We are pleased (and relieved) that this seems to have been more widely recognised by competitors in 2023, resulting in elevated levels of price increases. The market now appears to be pricing in a far more rational way, although we continue to believe that more rate increases are required to get to a sustainable position.

Our new Direct IT platform was delivered on time, and on budget - thanks to our numerous Sabre colleagues who have been so committed to the platform's delivery. This will now allow us to enhance our Direct product customer service proposition whilst also reducing costs.

Looking forward we are anticipating a good year in 2023 with a combined ratio within the expected range, supported by an emerging strong profit from July. On an undiscounted basis, our expected combined ratio for 2023 has edged up slightly from previous guidance, reflecting performance on Taxi and we have the - entirely welcome - challenge of additional first year growth strain on high levels of new business.

I am confident that we will benefit from continued improvements in 2024 as our excellent core Motor Vehicle performance earns through and as the Motorcycle and Taxi products mature into profitable positions.*"*

There will be a call for analysts and investors at 0930hrs on Thursday, 3 August 2023. For details, please contact sabre@teneo.com or find registration link here: https://www.sabreplc.co.uk/investors/results-centre/

ENQUIRIES

Sabre Insurance Group (investor.relations@sabre.co.uk)

Geoff Carter, Chief Executive Officer
Adam Westwood, Chief Financial Officer

Teneo (020 7353 4200)

James Macey White
Eleanor Pomeroy

DIVIDEND CALENDAR

2023 Interim Dividend Payment Dates

17 August 2023	Ex-dividend date
18 August 2023	Record date
20 September 2023	Payment date

FORWARD-LOOKING STATEMENTS DISCLAIMER

Cautionary statement

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

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

The Sabre Insurance Group plc LEI number is 2138006RXRQ8P8VKGV98

FINANCIAL AND BUSINESS REVIEW

Highlights

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Unaudited 12 months ended 31 December 2022
Gross written premium	**£99.5m**	£91.8m	£171.3m
Combined operating ratio	**93.8%**	92.7%	93.4%
Net profit margin	**8.3%**	9.3%	8.6%
Profit after tax	**£3.8m**	£6.7m	£11.1m
Solvency coverage ratio (post-interim/final dividend)	**169.0%**	159.7%	153.8%

The first half of 2023 has shown continued momentum in market pricing, which has allowed for significant year-on-year growth in core Motor Vehicle premium, particularly from late March. This growth has been achieved despite allowing for inflationary price increases. Clearly, this additional premium will need to 'earn' through, and therefore will enhance future profits rather than having an immediate impact on the current period.

Having reported our results on an IFRS 17 basis, the combined operating ratio has been restated and now includes the impact of discounting. We have also presented a new key performance indicator ("KPI"), net profit margin, which includes instalment income within the denominator and is therefore more representative of the total insurance profitability. We have not set targets against this KPI at this stage as we continue to monitor how this interacts with the previously reported combined operating ratio targets.

The combined operating ratio for the first half of the year has been negatively impacted by an increased expense ratio resulting from low earned premium (resulting from low written premium in the preceding period) set against some one-off expenditure related to the implementation of the new IT developments and the office refurbishment, along with the usual H1 expense strain of staff bonuses. Whilst the core Motor Vehicle book has performed well, and the Motorcycle book has improved, Taxi loss ratio also continues to be a drag on the overall combined operating ratio.

The prior-year comparative profit, as restated under IFRS 17, includes a significant benefit from discounting, given the combined impact of growing claims reserves and rapidly increasing discount rates.

Solvency coverage is strong and will remain above our preferred operating range after the payment of the £2.25m proposed interim dividend.

Revenue

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Unaudited 12 months ended 31 December 2022
Profit or loss			
Gross written premium	**£99.5m**	£91.8m	£171.3m
Insurance revenue	**£86.1m**	£90.8m	£181.5m
Net earned premium	**£71.8m**	£77.5m	£153.2m
Other income	**£0.7m**	£1.0m	£1.8m
Customer instalment income	**£1.6m**	£1.8m	£3.3m
Interest revenue calculated using the effective interest method	**£0.7m**	£0.8m	£1.7m
Realised fair value gains on debt securities	**£0.0k**	£24.1k	£22.5k
Other comprehensive income			
Fair value losses on debt securities through OCI	**(£1.6m)**	(£8.2m)	(£14.2m)
Gross written premium by product			
Motor Vehicle	**£83.0m**	£69.7m	£134.9m
Motorcycle	**£9.1m**	£16.9m	£23.1m
Taxi	**£7.4m**	£5.2m	£13.3m

Where relevant, the figures above present revenue items as restated under IFRS 17. Gross written premium is unchanged against IFRS 4. Insurance revenue is equivalent to net earned premium plus instalment income, which previously was recorded separately. Net earned premium is below that in the comparative period as it primarily reflects premium written in the preceding period.

Improvements in overall market pricing have allowed for a recovery in both market share and total premium written in the core Motor Vehicle book. This is somewhat offset by expected reductions in Motorcycle volumes. In the two months since our AGM trading update, core Motor Vehicle gross written premium has been over 40% ahead of the same period last year. This rapid growth will earn through over the next year, which should enhance overall earnings.

Other income remains proportionate to the amount of Direct business earned, which decreased vs H1 2022. Investment returns are improving, albeit slowly, as the portfolio churns naturally into new assets purchased at higher yields.

Operating Expenditure

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Unaudited 12 months ended 31 December 2022
Profit or loss			
Gross claims incurred	**£57.0m**	£44.2m	£107.5m
Net claims incurred	**£44.5m**	£50.7m	£101.1m
Current-year net loss ratio	**61.5%**	63.1%	61.9%
Prior-year net loss ratio	**0.5%**	2.3%	4.1%
Net loss ratio	**62.0%**	65.4%	66.0%
Total operating expenses	**£22.9m**	£21.2m	£42.0m
Expense ratio	**31.8%**	27.3%	27.4%
Combined operating ratio	**93.8%**	92.7%	93.4%
Net insurance finance expense	**(£2.7m)**	(£0.7m)	(£2.8m)
Other comprehensive income			
Net insurance finance expense	**£3.8m**	£5.4m	£10.7m
Undiscounted ratios			
Undiscounted current-year net loss ratio	69.7%	66.5%	67.9%
Undiscounted prior year net loss ratio	(3.5%)	4.0%	3.5%
Undiscounted net loss ratio	66.2%	70.5%	71.4%
Undiscounted combined operating ratio	98.0%	97.8%	98.8%
Net loss ratio by product			
Motor vehicle	**55.8%**	60.9%	59.0%
Motorcycle	**60.5%**	109.1%	113.4%
Taxi	**120.8%**	143.2%	107.0%

The Group recorded a net loss ratio of 62.0% in H1 2023. This represents an improvement in net loss ratio across Motor Vehicle and Motorcycle, with the most material benefit coming from the improvement in Motor Vehicle net loss ratio. The overall effect of discounting is a reduction in net loss ratio across all periods against the undiscounted figures. However, the prior-year loss ratio is negatively impacted by discounting in the periods presented. Our expense ratio has increased from 27.3% in H1 2022 to 31.8% in H1 2023, with the restatement to an IFRS 17 basis having minimal impact. This increase is primarily due to a decrease in earned premium set against inflation in expenses. We have incurred one-off expenses in H1 2023 of circa £790k which relate to the development of the new Direct platform, Insurer Hosted Pricing solution and much needed building refurbishment. Individually, these costs are not particularly material, but the impact is felt more heavily against the relatively low earned premium.

Whilst market practice varies, we have always reported an ‘all-in’ expense ratio. If we were to exclude non-directly attributable expenses from our key ratios, our combined ratio for H1 2023 would be 75.4% which is 18.4% lower than our reported ‘all-in’ combined operating ratio. We do not believe that excluding non-directly attributable operating expenses from our key ratios truly reflects the cost of running the business and will continue to include all expenses in our key ratios to reflect the performance of the business more accurately.

We continue to report undiscounted net loss and combined operating ratios as these present the most easily comparable performance measures year-on-year.

Earnings per Share

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Unaudited 12 months ended 31 December 2022
Basic earnings per share	**1.54p**	2.69p	4.45p
Diluted earnings per share	**1.52p**	2.67p	4.42p

Earnings per share for the current and comparative period are calculated on the basis of the current capital structure. Diluted Earnings per share for H1 2023 is 1.52p compared to 2.67p for the comparative period in 2022, reflecting differences in profit after tax. The difference between basic and diluted earnings per share reflects the maximum dilution effect of share awards which have been granted but which have not vested.

Cash and Investments

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Unaudited 12 months ended 31 December 2022
Government bonds	**£85.6m**	£82.3m	£87.2m
Government-backed securities	**£80.5m**	£80.6m	£80.8m
Corporate bonds	**£61.5m**	£64.3m	£61.3m
Cash and cash equivalents	**£29.3m**	£27.8m	£18.5m

The Group continues to hold a low-risk investment portfolio and sufficient cash to meet its future claims liabilities. The Group operates a 'buy-and-hold' strategy in which a proportion of the portfolio is invested in investment-grade corporate bonds, in order to achieve a steady return on invested capital while maintaining a majority of government-backed assets. The size of the overall invested portfolio has remained consistent with the prior reporting period, while the amount of cash held remains high, reflecting the continued importance of maintaining strong liquidity in the current environment.

Insurance Liabilities and reinsurance contracts

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Unaudited 12 months ended 31 December 2022
Insurance contract liabilities	**(£322.0m)**	(£304.0m)	(£314.3m)
Reinsurance contract assets	**£138.3m**	£121.5m	£137.0m

The Group's insurance liabilities continue to reflect the underlying profitability and volume of business written. The Group continues to hold excess-of-loss reinsurance contracts across its entire book at an excess of £1.0m per claim. Note that these liabilities are now shown on a discounted basis in-line with the financial statements.

Leverage

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

Dividends

Where the Board believes that the Group holds capital which it considers surplus to the Group's requirements, the Group would intend to return such surplus capital to shareholders. This assessment is generally made at year-end, with capital distributed via a special full-year dividend. Under normal circumstances, the Board considers a Solvency II capital coverage ratio within the range of 140% to 160% to be appropriate, and will consider this when determining the potential for special dividends. The Board may revise the Group's dividend policy from time to time as it considers appropriate.

The Board has declared an ordinary interim dividend of 0.9p per share (HY 2022: 2.8p) in line with the Group's policy to pay an interim dividend equal to one third of the previous year's ordinary dividend.

Transition to IFRS 17

A new accounting standard for insurance contracts, IFRS 17, came into force for periods beginning on or after 1 January 2023. Therefore, these interim accounts and all subsequent financial statements are presented on this basis. All comparative information has been restated on this basis. There is significant technical disclosure included within these Interim Accounts (and subsequent Annual Report and Accounts) which covers the transition to the new standard.

In order to assist with understanding the impact of this transition, I include some additional high-level summary information here.

Overall impact of transition

Because the Group provides non-life insurance policies of one year or under, and meets certain other relevant criteria, a 'simplified' approach can be applied, which is the 'Premium Allocation Approach' ('PAA'). This is in contrast to the more complex 'General Measurement Model' ('GMM') which is applied by default where the PAA is not appropriate.

Because the PAA is being applied, the general recognition and measurement of premium income and claims expense is similar to that under the previous standard (IFRS 4). There are some key differences, which are explained below.

- Under IFRS 4, when an insurance policy was sold a 'gross written premium' was recognised to the full amount of the premium, and an 'unearned premium reserve' ('UPR') was created equal to the value of the premium, which was then unwound over the life of the policy (typically one year) over which time the revenue would be recognised to the profit and loss account. Under IFRS 17, a 'liability for remaining coverage' ('LRC') is calculated on writing a policy. Under the PAA, this LRC is exactly analogous to the UPR. As such, the pattern of revenue generated by a policy is the same under IFRS 17 and IFRS 4 in most cases.
- Under IFRS 17, premium is presented as part of 'net insurance revenue' on the face of the profit and loss account. Given the above, this is analogous to net earned premium under IFRS 4, except that it also includes all other income related to the policy, which primarily includes instalment interest on monthly payments.

- In calculating loss ratio, expense ratio and combined operating ratio, we use ‘net insurance revenue’ less non-premium income as the denominator. This means that the denominator in these ratios is equivalent to that under IFRS 4.
- We have also introduced a new key performance indicator (profitability ratio) which uses ‘net insurance revenue’ as the denominator, as we believe this will be consistent with the approach taken by peers, and reflects the true profitability of products sold.
- Under IFRS 17, there is no ‘risk margin’ applied to reserves, which was a discreet amount of additional reserve booked by management to allow for uncertainty in the reserving method used. Instead, a ‘risk adjustment’ is applied to the best estimate reserve held. In practice, this is similar to the risk margin applied under IFRS 4, however more disclosure is required as to the derivation of the risk adjustment and the confidence interval that it represents.
- Under IFRS 17, the ‘liability for incurred claims’ (i.e. the balance held against claims incurred but not yet paid) is required to be discounted. This is similar to treatment on the Group’s regulatory balance sheet, but different to the previous standard (IFRS 4) where non-life reserves were not discounted.

CONDENSED CONSOLIDATED PROFIT OR LOSS ACCOUNT

	Notes	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k Restated (1)	Unaudited 12 months ended 31 December 2022 £'k Restated (1)
Insurance revenue	3.4	**86,119**	90,818	181,477
Insurance service expense	3.4	**(66,628)**	(53,990)	(126,606)
Insurance service result before reinsurance contracts held		**19,491**	36,828	54,871
Reinsurance expense		**(12,655)**	(11,540)	(24,958)
Change in amounts recoverable from reinsurers for incurred claims		**12,498**	(6,533)	6,305
Net expense from reinsurance contracts held	3.4	**(157)**	(18,073)	(18,653)
Insurance service result		**19,334**	18,755	36,218
Interest income on financial assets using effective interest rate method	4.4	**720**	815	1,667
Net gains on derecognition of debt securities measured at FVOCI	4.5	**-**	24	22
Total investment income		**720**	839	1,689
Insurance finance expenses for insurance contracts issued		**(4,736)**	(1,391)	(6,043)
Reinsurance finance income for reinsurance contracts held		**2,085**	687	3,195
Net insurance finance expense		**(2,651)**	(704)	(2,848)
Net insurance and investment result		**17,403**	18,890	35,059
Other income	6	**682**	1,045	1,784
Other finance costs		**-**	(4)	(5)
Other operating expenses	7	**(13,243)**	(11,362)	(22,815)
Profit before tax		**4,842**	8,569	14,023
Income tax expense	8	**(1,020)**	(1,877)	(2,942)
Profit for the period attributable to ordinary shareholders		**3,822**	6,692	11,081
Basic earnings per share (pence per share)		**1.54**	2.69	4.45
Diluted earnings per share (pence per share)		**1.52**	2.67	4.42

(1) See Note 2.3.1 IFRS 17 "Insurance Contracts"

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited		Unaudited
		6 months ended		12 months ended
		30 June 2023	30 June 2022	31 December 2022
		£'k	£'k	£'k
	Notes		*Restated* (1)	*Restated* (1)
Profit for the period attributable to ordinary shareholders		**3,822**	6,692	11,081
Items that are or may be reclassified subsequently to profit or loss				
Unrealised fair value losses on debt securities	4.5	**(1,636)**	(8,212)	(14,207)
Realised gains on derecognition of debt securities reclassified to profit of loss	4.5	**-**	(24)	(22)
Tax credit		**409**	1,569	3,563
Debt securities at fair value through other comprehensive income		**(1,227)**	(6,667)	(10,666)
Insurance finance income for insurance contracts issued		**5,745**	12,947	23,602
Reinsurance finance expenses for reinsurance contracts held		**(1,946)**	(7,549)	(12,924)
Tax charge		**(925)**	(1,268)	(2,509)
Net insurance finance income		**2,874**	4,130	8,169
Total other comprehensive income/(loss) for the period, net of tax		**1,647**	(2,537)	(2,497)
Total comprehensive income for the period attributable to ordinary shareholders		**5,469**	4,155	8,584

(1) See Note 2.3.1 IFRS 17 "Insurance Contracts"

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited as at		Unaudited as at	
		30 June	30 June	31 December	1 January
		2023	2022	2022	2022
		£'k	£'k	£'k	£'k
	Notes		*Restated* (1)	*Restated* (1)	*Restated* (1)
Assets					
Cash and cash equivalents	4.1	**29,327**	27,796	18,502	30,611
Financial investments	4.2	**227,667**	227,224	229,158	234,667
Receivables (2)	4.3	**6**	39	7	74
Current tax assets		**3,363**	2,998	1,255	-
Reinsurance contract assets (1)	3	**138,332**	121,540	136,953	147,896
Property, plant and equipment		**5,133**	4,019	3,996	4,066
Right-of-use asset		**-**	62	-	187
Deferred tax assets		**1,215**	959	2,391	1,634
Other assets (2)		**2,097**	1,381	1,278	821
Goodwill		**156,279**	156,279	156,279	156,279
Total assets		**563,419**	542,297	549,819	576,235
Liabilities					
Payables (2)	5.1	**8,345**	5,097	5,107	5,873
Current tax liabilities		**-**	-	-	580
Insurance contract liabilities (1)	3	**321,965**	304,039	314,340	317,621
Lease liability		**-**	60	-	193
Other liabilities (2)		**2,260**	1,727	1,383	1,893
Total liabilities		**332,570**	310,923	320,830	326,160
Equity					
Issued share capital		**250**	250	250	250
Own shares		**(2,552)**	(2,120)	(2,810)	(2,257)
Merger reserve		**48,525**	48,525	48,525	48,525
FVOCI reserve		**(14,256)**	(9,030)	(13,029)	(2,363)
Revaluation reserve		**831**	831	831	831
Insurance/Reinsurance finance reserve (1)		**13,118**	6,205	10,244	2,075
Share-based payments reserve		**1,883**	1,616	2,407	1,842
Retained earnings (1)		**183,050**	185,097	182,571	339,885
Total equity		**230,849**	231,374	228,989	388,788
Total liabilities and equity		**563,419**	542,297	549,819	714,948

(1) See Note 2.3.1 IFRS 17 "Insurance Contracts"

(2) The description of the line item has been updated. The change in description has had no impact on the components of the balances.

- *Receivables (31 December 2022: Loans and other receivables)*
- *Other assets (31 December 2022: Prepayments, accrued income and other assets*
- *Payables (31 December 2022: Trade and other payables)*
- *Other liabilities (31 December 2022: Accruals)*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Own shares	Merger reserve	FVOCI reserve	Revaluation reserve	Insurance/ Reinsurance finance reserve	Share-based payments reserve	Retained earnings	Total equity
	£'k	£'k		£'k	£'k	£'k	£'k	£'k	£'k
Balance as at 31 December 2021, as previously reported	250	(2,257)	48,525	(2,363)	831	-	1,841	205,900	252,727
Impact of initial application of IFRS 17	-	-	-	-	-	2,075	-	(4,726)	(2,651)
Restated balance as at 1 January 2022 (unaudited)	250	(2,257)	48,525	(2,363)	831	2,075	1,841	201,174	250,076
Profit for the period attributable to ordinary shareholders	-	-	-	-	-	-	-	6,692	6,692
Total other comprehensive (loss)/income for the period, net of tax: *Items that are or may be reclassified subsequently to profit or loss*	-	-	-	(6,667)	-	4,130	-	-	(2,537)
Share-based payment expense	-	-	-	-	-	-	(225)	403	178
Net movement in own shares	-	137	-	-	-	-	-	-	137
Ordinary dividends paid	-	-	-	-	-	-	-	(23,172)	(23,172)
Restated balance as at 30 June 2022 (unaudited)	250	(2,120)	48,525	(9,030)	831	6,205	1,616	185,097	231,374
Profit for the period attributable to ordinary shareholders	-	-	-	-	-	-	-	4,389	4,389
Total other comprehensive (loss)/income for the period, net of tax: *Items that are or may be reclassified subsequently to profit or loss*	-	-	-	(3,999)	-	4,039	-	-	40
Share-based payment expense	-	-	-	-	-	-	791	45	836
Net movement in own shares	-	(690)	-	-	-	-	-	-	(690)
Ordinary dividends paid	-	-	-	-	-	-	-	(6,960)	(6,960)
Restated balance as at 31 December 2022 (unaudited)	250	(2,810)	48,525	(13,029)	831	10,244	2,407	182,571	228,989
Profit for the period attributable to ordinary shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,822**	**3,822**
Total other comprehensive (loss)/income for the period, net of tax: *Items that are or may be reclassified subsequently to profit or loss*	**-**	**-**	**-**	**(1,227)**	**-**	**2,874**	**-**	**-**	**1,647**
Share-based payment expense	**-**	**-**	**-**	**-**	**-**	**-**	**(524)**	**885**	**361**
Net movement in own shares	**-**	**258**	**-**	**-**	**-**	**-**	**-**	**-**	**258**
Ordinary dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,228)**	**(4,228)**
Balance as at 30 June 2023 (unaudited)	**250**	**(2,552)**	**48,525**	**(14,256)**	**831**	**13,118**	**1,883**	**183,050**	**230,849**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended		Unaudited 12 months ended
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
		Restated (1)	*Restated (1)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the period	**4,842**	8,569	14,023
Adjustments for:			
Depreciation of property, plant and equipment	**45**	50	108
Depreciation of right-of-use assets	**-**	124	187
Share-based payment – equity-settled schemes	**803**	767	1,603
Investment return	**(523)**	(824)	(1,590)
Interest on lease liability	**-**	4	5
Expected credit loss	**-**	17	(34)
Impact of movement in discount rates on insurance/reinsurance contracts	**3,799**	5,398	10,678
Operating cash flows before movements in working capital	**8,966**	14,105	24,980
Movements in working capital:			
Change in reinsurance contract assets	**(1,379)**	26,357	10,943
Change in receivables	**1**	35	67
Change in other assets	**(819)**	(560)	(457)
Change in payables	**3,236**	(774)	(765)
Change in insurance contract liabilities	**7,625**	(13,581)	(3,281)
Change in other liabilities	**878**	(166)	(510)
Cash generated from operating activities before investment of insurance assets	**18,508**	25,416	30,977
Taxes paid	**(2,468)**	(4,480)	(4,480)
Net cash generated from operating activities before investment of insurance assets	**16,040**	20,936	26,497
Interest and investment income received	**1,431**	1,451	3,383
Proceeds from the sale and maturity of invested assets	**4,400**	29,547	37,734
Purchases of invested assets	**(5,452)**	(30,985)	(48,213)
Net cash generated/(used) from operating activities	**16,419**	20,949	19,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	**(1,182)**	(3)	(38)
Net cash generated/(used) by investing activities	**(1,182)**	(3)	(38)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	**-**	(137)	(198)
Net cash used in acquiring and disposing of own shares	**(184)**	(452)	(1,142)
Dividends paid	**(4,228)**	(23,172)	(30,132)
Net cash generated/(used) by financing activities	**(4,412)**	(23,761)	(31,472)
Net increase/(decrease) in cash and cash equivalents	**10,825**	(2,815)	(12,109)
Cash and cash equivalents at the beginning of the period	**18,502**	30,611	30,611
Cash and cash equivalents at the end of the period	**29,327**	27,796	18,502

(1) See Note 2.3.1 IFRS 17 "Insurance Contracts

1. GENERAL INFORMATION

The condensed consolidated interim financial statements comprise the results and balances of the Group for the six-month period ended 30 June 2023, the comparative period for the six months ended 30 June 2022 and the year ended 31 December 2022. The information in the condensed consolidated interim financial statements is unaudited and does not constitute statutory accounts as defined in s.434 of the Companies Act 2006. The independent auditor's report on the Group accounts for the year ended 31 December 2022 is unqualified, does not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and does not include a statement under s.498(2) or (3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The condensed consolidated interim financial statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standard 34 ('Interim Financial Reporting'). As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, these interim financial statements have been prepared applying the accounting policies and presentation that will be applied in the preparation of the annual financial statements of the Group and will be prepared in accordance and fully comply with UK-adopted international accounting standards, comprising International Accounting Standards ('IAS') and International Financial Reporting Standards ('IFRSs'). The annual financial statements were prepared in accordance with the going concern principle using the historical cost basis, except for those financial assets that have been measured at fair value.

The Group has applied IFRS 17 from 1 January 2023, restating the opening and closing balance sheet positions for 2022. For details on new accounting policies, significant judgements and estimates, refer to Notes 2.3.1 and 3. As a consequence the restated figures have been labelled as unaudited.

The condensed consolidated financial statements values are presented in Pounds Sterling (£) rounded to the nearest thousand (£'k), unless otherwise indicated. The Group does not consider it is exposed to material seasonal volatility in its financial results.

2.2. Going concern

Having assessed the Group's forecasts, projections and principal risks of the Group over the full duration of the planning cycle, the Directors have a reasonable expectation that the Group will continue in operational existence for a period of not less than twelve months. Accordingly, the results for the period ended 30 June 2023 have been prepared on a going concern basis.

The Group's principal risks and uncertainties are outlined on pages 19 to 28 of the 31 December 2022 Annual Report and Accounts and have not changed since the last reporting date. The principal risks are:

- Insurance risk
- Operations
- Finance and Capital
- Governance and Compliance
- People
- Macro risks
    - Economic disruption
    - Climate and ESG

2.3. New and amended standards and interpretations adopted by the Group

Amendments to IFRS

The following amended IFRS standards became effective for the year ended 31 December 2023:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IFRS 17 "Insurance Contracts"
    - Amendments to IFRS 17
    - Initial Application of IFRS 17 and IFRS 9 – Comparative Information

In these financial statements, the Group has applied IFRS 17 "Insurance Contracts" for the first time from 1 January 2023. The Group had not elected to defer the implementation of IFRS 9 and has implemented IFRS 9 from 1 January 2020.

Other than IFRS 17 "Insurance Contracts" which is discussed below, none of the amendments have had a material impact to the Group.

2.3.1 IFRS 17 "Insurance Contracts"

IFRS 17 "Insurance Contracts" replaced IFRS 4 "Insurance Contracts" for annual periods starting on 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provision in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

2.3.1.1 Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts as insurance contracts.

Under IFRS 4, the Group was permitted to account for insurance contracts using its previous accounting policies under 'old' UK GAAP. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

IFRS 17 prescribes a comprehensive model, the general model, which requires entities to measure an insurance contract at initial recognition as the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

IFRS 17 also provides a simplification to the general model, the premium allocation approach ("PAA"). This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less. The liability for remaining coverage is similar to the IFRS 4 premium reserve profile recognised over time. The principles of the general model remain applicable to the liability for incurred claims.

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured applying the Premium Allocation Approach. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- the liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows less amounts recognised in revenue for insurance services provided
- measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
- measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses
- measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts

The Group allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 3.

There has been no change in the Group's segments or how the Group reports on these segments internally.

2.3.1.2 Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- portfolios of insurance contracts issued that are assets
- portfolios of insurance contracts issued that are liabilities
- portfolios of reinsurance contracts held that are assets
- portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the profit or loss account and statement of other comprehensive income have been changed significantly compared with the previous accounting basis. Previously, the Group reported the following line items:

- Gross written premium
- Net written premium
- Changes in unearned premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurers for incurred claims
- Insurance finance income/(expenses) for insurance contracts issued
- Reinsurance finance income/(expenses) for reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:

- amounts recognised in its financial statements from insurance contracts
- significant judgements, and changes in those judgements, when applying the standard

2.3.1.3 Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach. Under the full retrospective approach, at 1 January 2022, the Group:

- has identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always applied
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified
- derecognised any existing balances that would not exist had IFRS 17 always applied
- recognised any resulting net difference in equity (see Statement of Changes in Equity)

Defined IFRS 17 terms:

Contractual service margin – A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognise as it provides insurance contract service under the insurance contracts in the group.

Coverage period – The period during which the entity provides insurance contract services. The period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract.

Fulfilment cash flows – An explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contacts, including a risk adjustment for non-financial risk.

Liability for incurred claims (“LIC”) – An entity’s obligation to:

a) Investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and

b) Pay amounts that are not included in (a) and that relate to:

   i. insurance contract services that have already been provided; or

   ii. any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the liability for remaining coverage

Liability for remaining coverage (“LRC”) – An entity’s obligation to:

a) investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the insurance coverage); and

b) pay amounts under existing insurance contracts that are not included in (a) and that relate to:

   i. insurance contract services not yet provided (i.e. the obligations that relate to future provision of insurance contract services); or

   ii. any investment components or other amounts that are not related to the provision of insurance contract services and that have not been transferred to the liability for incurred claims

2.4. New and amended standards and interpretations not yet effective in 2023

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

- IFRS 10 and IAS 28: Amendment: “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (IASB effective date: optional)

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS

ACCOUNTING POLICY

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

A. Insurance and reinsurance contracts classification

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

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

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

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

B. Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

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

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the expected profitability of contracts:

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

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

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

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

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

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

Reinsurance contracts

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

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

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

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

(iii) Measurement

Summary of measurement approaches

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

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

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

All the Group's insurance contracts have a coverage period of one year or less. The Group's reinsurance contracts held are excess of loss contracts and are loss occurring. The Group does not have any reinsurance contracts issued to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.

Insurance contracts issued

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

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

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

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

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

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

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

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

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

- the LRC
- the LIC

Risk adjustment for non-financial risk

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

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

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

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

Reinsurance contracts held

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

– increased for ceding premiums paid in the period; and

– decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period

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

Asset for insurance acquisition cash flows

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

a. costs directly attributable to individual contracts and groups of contracts; and

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

The Group does not pay or incur insurance acquisition cash flows before a group of insurance contracts is recognised in the statement of financial position.

Modification and derecognition

The Group derecognises insurance contracts when:

– extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or

– the contract is modified and certain additional criteria are met.

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

a. There have been no transfers between levels during the year if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

    i. is not in scope of IFRS 17;

    ii. results in substantially different separable components;

    iii. results in a substantially different contract boundary; or

    iv. belongs to a substantially different group of contracts;

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

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

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

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

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

(iv) Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued and portfolios of reinsurance contracts held.

The Group has elected to disaggregate part of the movement in LIC resulting from the changes in discount rates and present this in the statement of other comprehensive income. The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

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

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

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

Insurance service result from insurance contracts issued

Insurance revenue

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

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

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits, excluding investment components
- other incurred directly attributable expenses
- amortisation of insurance acquisition cash flows
- changes that relate to past service – changes in the FCF relating to the LIC
- changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses

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

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Insurance service result from reinsurance contracts held

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- reinsurance expenses
- for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses
- incurred claims recovery, excluding investment components reduced by loss-recovery component allocations
- other incurred directly attributable expenses
- changes that relate to past service – changes in the FCF relating to incurred claims recovery
- effect of changes in the risk of reinsurers' non-performance
- amounts relating to accounting for onerous groups of underlying insurance contracts issued

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

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

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

Insurance finance income or expenses

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

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

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

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

The Group disaggregates insurance finance income or expenses on motor insurance contracts issued between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the motor insurance portfolios are predominantly measured at FVOCI.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

A. Liability for remaining coverage ("LRC")

Insurance acquisition cash flows

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

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

B. Liability for incurred claims ("LIC")

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

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

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

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

C. Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

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

	30 June2023				30 June 2022				31 December 2022			
	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years
Motor insurance	6.4%	5.9%	5.3%	4.5%	2.8%	2.9%	2.8%	2.7%	4.8%	4.6%	4.4%	4.0%

D. Risk adjustment for non-financial risk

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

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 82nd percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 82nd percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

3.1 Composition of the Statement of Financial Position

An analysis of the amounts presented on the Statement of Financial Position for insurance contacts is included in the table below, along with the current and non-current portions of the balances.

	Unaudited as at		Unaudited as at
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
		Restated	*Restated*
Insurance contract liabilities			
Insurance contract liabilities			
Motor vehicle insurance	**273,168**	281,584	276,169
Motorcycle insurance	**31,462**	18,082	26,928
Taxi insurance	**24,469**	10,551	17,205
Asset for insurance acquisition cash flows			
Motor vehicle insurance	**(5,204)**	(5,034)	(4,324)
Motorcycle insurance	**(926)**	(571)	(629)
Taxi insurance	**(1,004)**	(573)	(1,009)
Total Insurance contract liabilities	**321,965**	304,039	314,340
Reinsurance contracts assets			
Motor vehicle insurance	**120,160**	117,137	125,030
Motorcycle insurance	**11,147**	450	7,789
Taxi insurance	**7,025**	3,953	4,134
Total reinsurance contract assets	**138,332**	121,540	136,953

3.2 Movements in insurance and reinsurance contract balances

3.2.1 Insurance contract liabilities

		Unaudited as at 30 June 2022		Unaudited as at 31 December 2022
		£'k	£'k	£'k
	Notes		*Restated*	*Restated*
Opening insurance contract liabilities		**314,340**	317,621	317,621
Changes in the Profit or Loss Account				
Insurance revenue		**(86,119)**	(90,818)	(181,477)
Insurance service expenses				
Incurred claims and other directly attributable expenses		**60,945**	61,811	126,951
Amortisation of insurance acquisition cash flows		**6,636**	6,626	12,943
Changes that relate to past service – adjustment to the LIC		**(953)**	(14,447)	(13,288)
		66,628	53,990	126,606
Insurance service result		**(19,491)**	(36,828)	(54,871)
Net finance (income)/expense for insurance contracts issued		**4,736**	1,391	6,043
Total changes in the Profit or Loss Account		**(14,755)**	(35,437)	(48,828)
Changes in the Statement of Other Comprehensive Income				
Net finance (income)/expense for insurance contracts issued		**(5,745)**	(12,947)	(23,602)
Total changes in Statement of Other Comprehensive Income		**(5,745)**	(12,947)	(23,602)
Cash flows				
Premiums received		**87,493**	90,758	181,302
Claims and other insurance services expenses paid		**(51,560)**	(49,469)	(99,565)
Insurance acquisition cash flows		**(7,808)**	(6,487)	(12,588)
Total cash flows		**28,125**	34,802	69,149
Closing insurance contract liabilities		**321,965**	304,039	314,340

3.2.2 Reinsurance contract assets

	Unaudited as at 30 June 2023	Unaudited as at 30 June 2022	Unaudited as at 31 December 2022
	£'k	£'k	£'k
		Restated	*Restated*
Opening reinsurance contract assets	**136,953**	147,896	147,896
Changes in the Profit or Loss Account			
Net income/(expense) from reinsurance contracts held			
Reinsurance expense	**(12,655)**	(11,540)	(24,958)
Incurred claims recovery	**13,825**	9,663	25,832
Changes that relate to past service – *changes to the LIC*	**(1,327)**	(16,196)	(19,527)
	(157)	(18,073)	(18,653)
Net finance (income)/expense for insurance contracts issued	**2,085**	687	3,195
Total changes in the Profit or Loss Account	**1,928**	(17,386)	(15,458)
Changes in the Statement of Other Comprehensive Income			
Net finance (income)/expense for insurance contracts issued	**(1,946)**	(7,549)	(12,924)
Total changes in Statement of Other Comprehensive Income	**(1,946)**	(7,549)	(12,924)
Cash flows			
Premiums paid	**6,409**	4,502	27,819
Recoveries received	**(5,012)**	(5,923)	(10,380)
Total cash flows	**1,397**	(1,421)	17,439
Closing reinsurance contract assets	**138,332**	121,540	136,953

3.3 Assets for insurance acquisition cash flows

	£'k
Restated balance as at 1 January 2022 (Unaudited)	6,317
Amounts incurred during the period	6,487
Amounts derecognised and included in measurement of insurance contracts	(6,626)
Restated balance as at 30 June 2022 (Unaudited)	6,178
Amounts incurred during the period	6,101
Amounts derecognised and included in measurement of insurance contracts	(6,317)
Restated balance as at 31 December 2022 (Unaudited)	5,962
Amounts incurred during the period	**7,808**
Amounts derecognised and included in measurement of insurance contracts	**(6,636)**
Balance as at 30 June 2023 (Unaudited)	**7,134**

3.4 Insurance revenue and expenses – Segmental disclosure

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held is included in the tables below. Additional information on amounts recognised in profit or loss and OCI is included in the movements in insurance and reinsurance contract balances in Note 3.2. Details of related insurance contract liabilities and reinsurance assets for each line of business can be found in Note 3.1

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

	Unaudited for the 6 months ended 30 June 2023				Unaudited for the 6 months ended 30 June 2022			
	Motor vehicles	**Motorcycle**	**Taxi**	**Total**	Motor vehicles	Motorcycle	Taxi	Total
	£'k	**£'k**	**£'k**	**£'k**	£'k	£'k	£'k	£'k
					Restated	*Restated*	*Restated*	*Restated*
Insurance revenue								
Insurance revenue from contracts measured under the PAA	**69,616**	**9,132**	**7,371**	**86,119**	83,129	6,254	1,435	90,818
Total insurance revenue	**69,616**	**9,132**	**7,371**	**86,119**	83,129	6,254	1,435	90,818
Insurance service expense								
Incurred claims and other directly attributable expenses	**(39,911)**	**(11,242)**	**(9,792)**	**(60,945)**	(52,929)	(6,764)	(2,118)	(61,811)
Amortisation of insurance acquisition cash flows	**(4,580)**	**(1,111)**	**(945)**	**(6,636)**	(6,200)	(337)	(89)	(6,626)
Changes that relate to past service – changes in the FCF relating to the LIC	**(888)**	**2,659**	**(818)**	**953**	14,027	(3)	423	14,447
Total insurance service expense	**(45,379)**	**(9,694)**	**(11,555)**	**(66,628)**	(45,102)	(7,104)	(1,784)	(53,990)
Net income/(expenses) from reinsurance contracts held								
Reinsurance expenses – contracts measured under the PAA	**(10,183)**	**(1,368)**	**(1,104)**	**(12,655)**	(10,284)	(1,000)	(256)	(11,540)
Incurred claims recovery	**5,475**	**5,545**	**2,805**	**13,825**	8,969	438	256	9,663
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**854**	**(2,266)**	**85**	**(1,327)**	(15,879)	(12)	(305)	(16,196)
Total net expenses from reinsurance contracts held	**(3,854)**	**1,911**	**1,786**	**(157)**	(17,194)	(574)	(305)	(18,073)
Total insurance service result	**20,383**	**1,349**	**(2,398)**	**19,334**	20,833	(1,424)	(654)	18,755

	Unaudited for the 12 months ended 31 December 2022			
	Motor vehicles	Motorcycle	Taxi	Total
	£'k	£'k	£'k	£'k
	Restated	*Restated*	*Restated*	*Restated*
Insurance revenue				
Insurance revenue from contracts measured under the PAA	157,465	17,826	6,186	181,477
Total insurance revenue	157,465	17,826	6,186	181,477
Insurance service expense				
Incurred claims and other directly attributable expenses	(94,492)	(26,185)	(6,274)	(126,951)
Amortisation of insurance acquisition cash flows	(11,371)	(879)	(693)	(12,943)
Changes that relate to past service – changes in the FCF relating to the LIC	13,258	(358)	388	13,288
Total insurance service expense	(92,605)	(27,422)	(6,579)	(126,606)
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses – contracts measured under the PAA	(21,257)	(2,734)	(967)	(24,958)
Incurred claims recovery	17,862	7,611	359	25,832
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(19,337)	30	(220)	(19,527)
Total net expenses from reinsurance contracts held	(22,732)	4,907	(828)	(18,653)
Total insurance service result	42,128	(4,689)	(1,221)	36,218

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

4. FINANCIAL ASSETS

The Group's financial assets are summarised below:

		Unaudited 6 months ended		Unaudited 12 months ended
		30 June 2023	30 June 2022	31 December 2022
	Notes	**£'k**	£'k	£'k
Cash and cash equivalents	4.1	**29,327**	27,796	18,502
Financial investments	4.2	**227,667**	227,224	229,158
Receivables	4.3	**6**	39	7
Total		**257,000**	255,059	247,667

4.1. Cash and cash equivalents

	Unaudited as at		Unaudited as at
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Cash and cash equivalents	**29,327**	27,796	18,502
Total	**29,327**	27,796	18,502

Cash and cash equivalents include money market funds with no notice period for withdrawal.

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

4.2 Financial investments

4.2.1 Debt securities at fair value through other comprehensive income

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

	Unaudited as at				Unaudited as at	
	30 June 2023		30 June 2022		31 December 2022	
	£'k	**% holdings**	£'k	% holdings	£'k	% holdings
Government bonds	**85,605**	**37.60%**	82,260	36.20%	87,151	38.03%
Government-backed securities	**80,548**	**35.38%**	80,620	35.48%	80,753	35.24%
Corporate bonds	**61,514**	**27.02%**	64,344	28.32%	61,254	26.73%
Total	**227,667**	**100.00%**	227,224	100.00%	229,158	100.00%

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

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

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

- **Level 1**: fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on reporting date
- **Level 2**: fair value is determined through inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (prices) or indirectly (derived from prices)
- **Level 3**: fair value is determined through valuation techniques which use significant unobservable inputs

Level 1

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

Level 2

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

Level 3

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

The Group's debt securities are all classified as Level 1. There have been no transfers between levels during the period (30 June 2022: no transfers / 31 December 2022: no transfers)

4.3. Receivables

The Group's loans and receivables comprises of:

	Unaudited as at		Unaudited as at
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Other debtors	**6**	41	7
Provision for expected credit losses	**-**	(2)	-
Total	**6**	39	7

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

The carrying value of loans and receivables approximates fair value. Provision for expected credit losses are based on the recoverability of the individual loans and receivables.

4.4. Investment income

	Unaudited as at		Unaudited as at
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Interest income on financial assets using effective interest rate method			
Interest income from debt securities	**523**	800	1,567
Interest income from cash and cash equivalents	**197**	15	100
Total	**720**	815	1,667

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

	Unaudited 6 months ended		Unaudited 12 months ended
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Profit or loss			
Realised fair value gains/(losses) on debt securities	**-**	24	22
Realised fair value gains/(losses) on debt securities reclassified to profit or loss	**-**	24	22
Other comprehensive income			
Unrealised fair value losses on debt securities	**(1,636)**	(8,229)	(14,175)
Expected credit loss	**-**	17	(32)
Unrealised fair value losses on debt securities through other comprehensive income	**(1,636)**	(8,212)	(14,207)
Net losses from fair value adjustments on financial assets	**(1,636)**	(8,188)	(14,185)

5. OTHER LIABILITIES

The Group's other liabilities are summarised below:

		Unaudited as at		Unaudited as at
		30 June 2023	30 June 2022	31 December 2022
	Notes	**£'k**	£'k	£'k
Other liabilities at amortised cost				
Payables	5.1	**8,345**	5,097	5,107
Total		**8,345**	5,097	5,107

5.1. Payables

	Unaudited as at		Unaudited as at
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Trade and other creditors	**1,643**	(400)	759
Other taxes	**6,702**	5,497	4,348
Total	**8,345**	5,097	5,107

6. OTHER OPERATING INCOME

	Unaudited 6 months ended		Unaudited 12 months ended
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Administration fees	**379**	704	1,139
Brokerage and other fee income (1)	**303**	341	645
Total	**682**	1,045	1,784

Other income relates to auxiliary products and services, including marketing and administration fees, all relating to the Motor Vehicle product.

(1) Restated from previous reporting periods. This line now combines both 'Marketing' and 'Fee income from the sale of auxiliary products and services' disclosed separately in previous reporting period.

7. OPERATING EXPENSES

	Notes	Unaudited 6 months ended 30 June 2023 £'k	30 June 2022 £'k Restated	Unaudited 12 months ended 31 December 2022 £'k Restated
Employee expenses	7.1	**7,237**	6,458	12,536
Property expenses		**469**	155	427
IT expense including IT depreciation		**3,077**	2,316	5,045
Other depreciation		**4**	6	17
Industry levies		**2,973**	2,989	5,912
Policy servicing costs		**1,010**	1,123	2,164
Other operating expenses		**1,464**	1,505	2,958
Expected credit loss on financial assets		**-**	17	(34)
Before adjustments for claims handling expenses		**16,234**	14,569	29,025
Adjusted for:				
Claims handling expense reclassification		**(2,991)**	(3,207)	(6,210)
Total operating expenses		**13,243**	11,362	22,815

7.1. Employee expenses

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

	Unaudited 6 months ended 30 June 2023 £'k	30 June 2022 £'k Restated	Unaudited 12 months ended 31 December 2022 £'k Restated
Wages and salaries	**5,216**	4,733	8,988
Issue of share-based payments	**803**	767	1,603
Social security expenses	**745**	680	1,213
Pension expenses	**292**	273	508
Other staff expenses	**181**	5	224
Before adjustments for claims handling expenses	**7,237**	6,458	12,536
Adjusted for:			
Claims handling expense reclassification	**(2,081)**	(2,498)	(4,783)
Employee expenses	**5,156**	3,960	7,753

8. TAX CHARGE

	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k *Restated*	Unaudited 12 months ended 31 December 2022 £'k *Restated*[1]
Current taxation			
Charge for the period	**360**	901	2,644
	360	901	2,644
Deferred taxation			
Origination and reversal of temporary differences	**660**	976	298
	660	976	298
Current taxation	**360**	901	2,644
Deferred taxation	**660**	976	298
Tax charge for the period	**1,020**	1,877	2,942

Tax recorded in other comprehensive income is as follows:

	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k *Restated* [1]	Unaudited 12 months ended 31 December 2022 £'k *Restated* [1]
Current taxation	-	(1,565)	-
Deferred taxation	516	1,264	(1,054)
	516	(301)	(1,054)

From 1 April 2023, The Finance Act 2021 increased the UK corporation tax from 19% to 25%. This means that for any temporary differences reversing on or after 1 April 2023, the new tax rate of 25% will be relevant. The Group has deferred tax balances accordingly. The impact of this adjustment on the deferred tax balances is not material.

9. DIVIDENDS

	Unaudited 6 months ended 30 June 2023 pence per share	30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 pence per share	30 June 2022 £'k	Unaudited 12 months ended 31 December 2022 pence per share	31 December 2022 £'k
Amounts recognised as distributions to equity holders in the period						
Interim dividend for the current year	**-**	**-**	-	-	2.8	6,960
Final dividend for the prior year	**1.7**	**(4,228)**	9.3	23,172	9.3	23,172
	1.7	**(4,228)**	9.3	23,172	12.1	30,132
Proposed dividends						
Final dividend [1]	**0.9**	**2,250**	2.8	7,000		

(1) Subsequent to 30 June 2023, the Directors declared an interim dividend for 2023 of 0.9p per ordinary share. This dividend will be accounted for as an appropriation of retained earnings in the year ended 31 December 2023 and is not included as a liability in the Statement of Financial Position as at 30 June 2023.

The trustees of the employee share trusts waived their entitlement to dividends on shares held in the trusts to meet obligations arising on share incentive schemes, which reduced the dividends paid for the period ended 30 June 2023 by £22k (30 June 2022: £78k and 31 December 2022 £118k).

10. RELATED PARTY TRANSACTIONS

During the period 1 January 2023 to 30 June 2023, the following related party companies have been dissolved/liquidated:

- Barbados TopCo Limited
- Barb IntermediateCo Limited
- Bard MidCo Limited
- Bard BidCo Limited
- Barb HoldCo Limited

Other than the above, there has been no change to the relationships as disclosed in Note 18 of the 31 December 2022 Annual Report and Accounts.

No related party transactions have taken place in the period ending 30 June 2023 that have materially affected the financial position or the financial performance of the Group.

11. EVENTS AFTER THE BALANCE SHEET DATE

Other than the declaration of an interim dividend as disclosed in Note 9, there have been no material changes in the affairs or financial position of the Group and its subsidiaries since the Statement of Financial Position date.

Report on the Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed Sabre Insurance Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half-Year Report 2023 of Sabre Insurance Group plc for the 6 month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 June 2023;
- the Condensed Consolidated Profit or Loss Account and the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-Year Report 2023 of Sabre Insurance Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

We have read the other information contained in the Half-Year Report 2023 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half-Year Report 2023, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half-Year Report 2023 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half-Year Report 2023, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half-Year Report 2023 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
2 August 2023

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

The condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 ("IAS 34") as adopted by the UK.

The interim management report includes a fair review of the information as required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the first six months of the current financial year and their impact on the condensed set of consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially impacted the financial position or performance of the Group during the period; and any changes in the related party transactions from the Group's consolidated financial statements for the year ended 31 December 2022 that could do so.

Signed on behalf of the Board of Directors

Geoff Carter
Chief Executive Officer
2 August 2023

Adam Westwood
Chief Financial Officer
2 August 2023

APPENDIX – FINANCIAL RECONCILIATIONS

IFRS numbers in the below reconciliations have been restated. For more information refer to See Note 2.3.1 IFRS 17 "Insurance Contracts".

GROSS WRITTEN PREMIUM

	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k *Restated*	Unaudited 12 months ended 31 December 2022 £'k *Restated*
Insurance revenue	**86,119**	90,818	181,477
Less: Instalment income	**(1,630)**	(1,771)	(3,300)
Less: Movement in unearned premium	**14,976**	2,735	(6,920)
Gross written premium	**99,465**	91,782	171,257

NET LOSS RATIO

	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k *Restated*	Unaudited 12 months ended 31 December 2022 £'k *Restated*
Insurance service expense	**66,628**	53,990	126,606
Less: Amortisation of insurance acquisition cash flows	**(6,636)**	(6,626)	(12,943)
Less: Amounts recoverable from reinsurers for incurred claims	**(12,498)**	6,533	(6,305)
Less: Directly attributable claims expenses	**(2,991)**	(3,207)	(6,210)
Net claims incurred	**44,503**	50,690	101,148
Insurance revenue	**86,119**	90,818	181,477
Less: Instalment income	**(1,630)**	(1,771)	(3,300)
Less: Reinsurance expense	**(12,655)**	(11,540)	(24,958)
Net earned premium	**71,834**	77,507	153,219
Net claims incurred	**44,503**	50,690	101,148
Net earned premium	**71,834**	77,507	153,219
Net loss ratio	**62.0%**	65.4%	66.0%

APPENDIX – FINANCIAL RECONCILIATIONS

EXPENSE RATIO

	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k *Restated*	Unaudited 12 months ended 31 December 2022 £'k *Restated*
Other operating expenses	**13,243**	11,362	22,815
Add: Amortisation of insurance acquisition cash flows	**6,636**	6,626	12,943
Add: Directly attributable claims expenses	**2,991**	3,207	6,210
Total operating expenses	**22,870**	21,195	41,968
Insurance revenue	**86,119**	90,818	181,477
Less: Instalment income	**(1,630)**	(1,771)	(3,300)
Less: Reinsurance expense	**(12,655)**	(11,540)	(24,958)
Net earned premium	**71,834**	77,507	153,219
Total operating expenses	**22,870**	21,195	41,968
Net earned premium	**71,834**	77,507	153,219
Expense ratio	**31.8%**	27.3%	27.4%

COMBINED OPERATING RATIO

	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k *Restated*	Unaudited 12 months ended 31 December 2022 £'k *Restated*
Net loss ratio	**62.0%**	65.4%	66.0%
Expense ratio	**31.8%**	27.3%	27.4%
Combined operating ratio	**93.8%**	92.7%	93.4%

UNDISCOUNTED NET LOSS RATIO

	Unaudited 6 months ended 30 June 2023 £'k	Unaudited 6 months ended 30 June 2022 £'k *Restated*	Unaudited 12 months ended 31 December 2022 £'k *Restated*
Net claims incurred	**44,503**	50,690	101,148
Add: Net impact of discounting	**3,045**	3,956	8,278
Undiscounted net claims incurred	**47,548**	54,646	109,426
Net earned premium	**71,834**	77,507	153,219
Undiscounted net loss ratio	**66.2%**	70.5%	71.4%

APPENDIX – FINANCIAL RECONCILIATIONS

UNDISCOUNTED COMBINED OPERATING RATIO

	Unaudited 6 months ended		Unaudited 12 months ended
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
		Restated	*Restated*
Undiscounted net loss ratio	**66.2%**	70.5%	71.4%
Expense ratio	**31.8%**	27.3%	27.4%
Undiscounted combined operating ratio	**98.0%**	97.8%	98.8%

NET PROFIT MARGIN

	Unaudited 6 months ended		Unaudited 12 months ended
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
		Restated	*Restated*
Net claims incurred	**44,503**	50,690	101,148
Total operating expenses	**22,870**	21,195	41,968
Total insurance expense	**67,373**	71,885	143,116
Insurance revenue	**86,119**	90,818	181,477
Less: Reinsurance expense	**(12,655)**	(11,540)	(24,958)
Net insurance revenue	**73,464**	79,278	156,519
Net profit margin	**8.3%**	9.3%	8.6%

SOLVENCY COVERAGE RATIO – PRE-DIVIDEND

	Unaudited 6 months ended		Unaudited 12 months ended
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Solvency II net assets	**97,091**	90,203	91,191
Solvency capital requirement	**56,113**	52,090	56,516
Solvency coverage ratio – pre-dividend	**173.0%**	173.2%	161.4%

SOLVENCY COVERAGE RATIO – POST-DIVIDEND

	Unaudited 6 months ended		Unaudited 12 months ended
	30 June 2023	30 June 2022	31 December 2022
	£'k	£'k	£'k
Solvency II net assets	**97,091**	90,203	91,191
Less: Interim/Final dividend	**(2,250)**	(7,000)	(4,250)
Solvency II net assets – post-dividend	**94,841**	83,203	86,941
Solvency capital requirement	**56,113**	52,090	56,516
Solvency coverage ratio – post-dividend	**169.0%**	159.7%	153.8%