2023

Domestic & General | ANNUAL REPORT & ACCOUNTS

OUR PURPOSE

Make the world a better place, one repair at a time

+ Strategic Report

See pages 2 to 75 ›

+ Corporate Governance

See pages 76 to 95 ›

+ Financial Statements

See pages 96 to 153 ›

Domestic & General

See more online at www.domesticandgeneral.com

The Annual Report & Accounts is presented for Galaxy Finco Limited, a subsidiary of Domestic & General Limited.

Strategic Report

FY 2023 **highlights**

Financial performance

- Despite economic headwinds we maintained our strong financial performance with Group adjusted EBITDA ex US increasing by 13% to £132m (FY22 Restated: £116m) reflecting our resilient business model and underlying cost discipline
- Total subscription revenue increased 8% to £871m (FY22 Restated: £803m) year-on-year reflecting increased new business levels and continued stable subscription customer retention rates, with a 5% growth in revenue per subscription customer to £139 primarily driven by both inflation and a deeper penetration into customer households

Operational progress

- We completed key contract extensions with Sky, Radio Popular and Whirlpool during the year
- In the last 12 months we broadened our leadership team, continued our digital journey and recently opened our new Nottingham office
- In June 2023, we completed the acquisition of After Inc, an experienced US post-sale warranty provider

Cashflow and capital

- Positive Group free cash flow of £56m (FY22: £54m) reflects solid trading performance and is inclusive of planned capital expenditure on digital capabilities and facilities, investment to support US growth and funding for the run-off of our Australian business
- Notwithstanding our higher capital expenditure and investment in our US business, we have strong liquidity and at the year-end, our revolving credit facility ('RCF') was fully undrawn and had unused capacity of £100m
- We continue to be well covered from a regulatory capital perspective at 202%[3] (FY22: 196%)

1 See alternative performance measures ('APMs') on pages 149 and 150 and glossary on page 151
2 See Free cash flow definition on page 152
3 See Solvency II definition on page 153
4 Percentage changes are calculated on a true underlying basis and not on the rounded numbers presented
5 Refer to note 2B in the financial statements for more details

Key financial metrics

Revenue
£983m
FY22 Restated[5]: £920m +7%

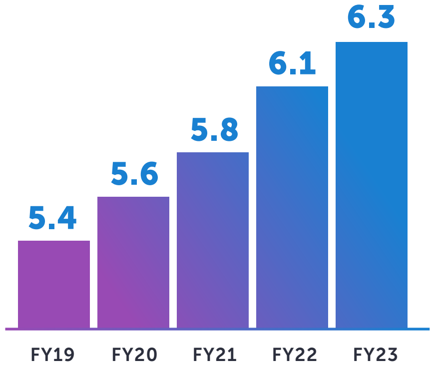
Group subscription revenue
£871m
FY22 Restated[5]: £803m +8%

Adjusted EBITDA ex US[1]
£132m
FY22 Restated[5]: £116m +13%

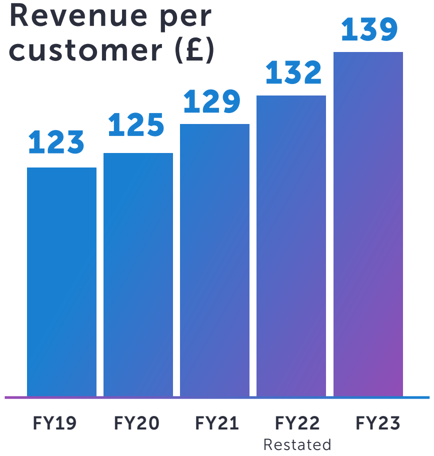
Free cash flow[2]
£56m
FY22: £54m +4%

Our subscription model

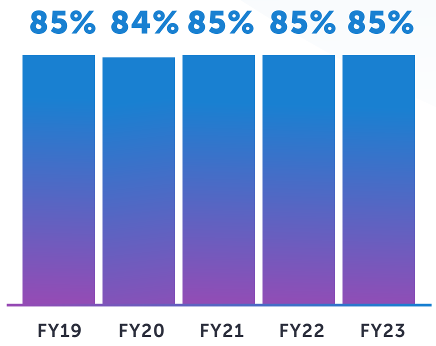
Subscription customers (m)



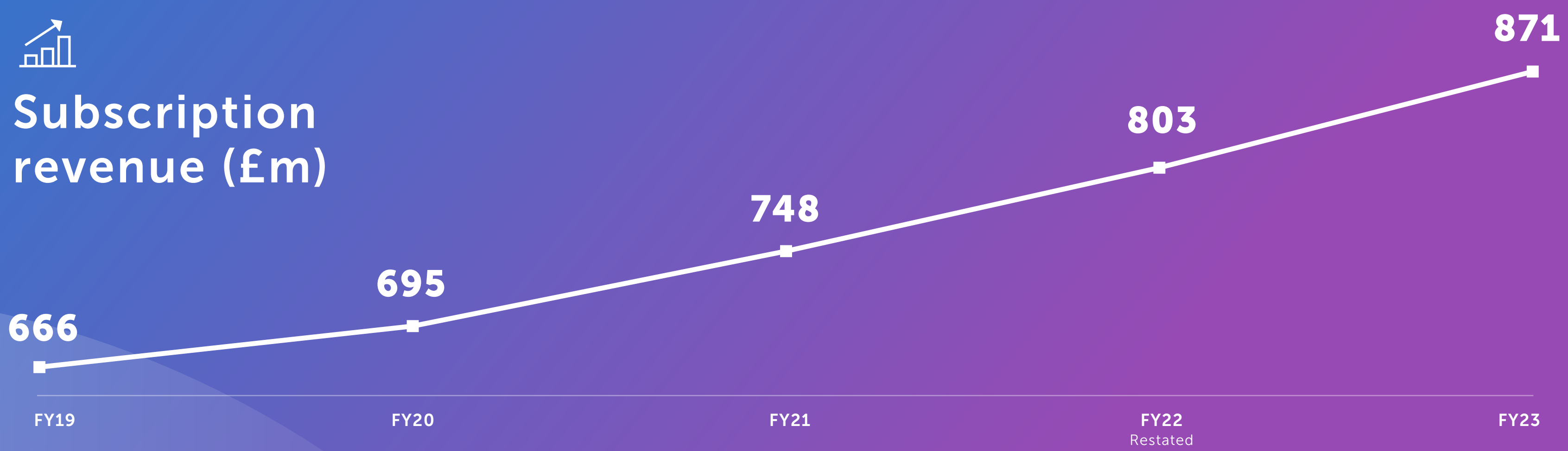
Revenue per customer (£)



Subscription customer retention

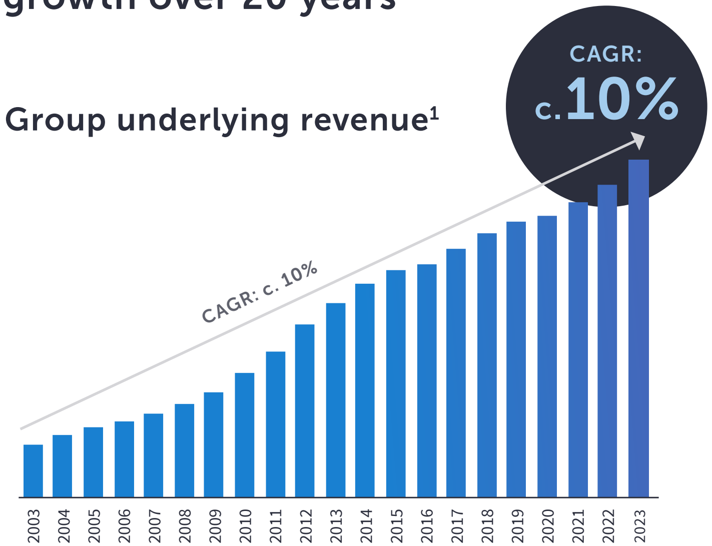


Subscription revenue (£m)



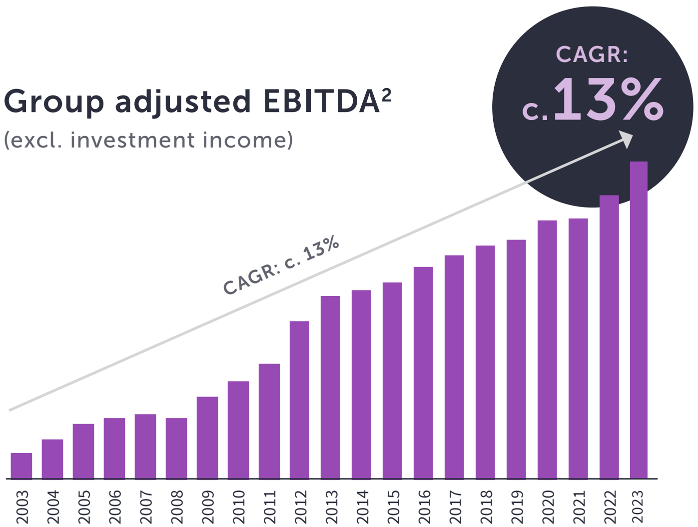
Impressive track record of uninterrupted organic growth over 20 years

Group underlying revenue[1]



Group adjusted EBITDA[2]

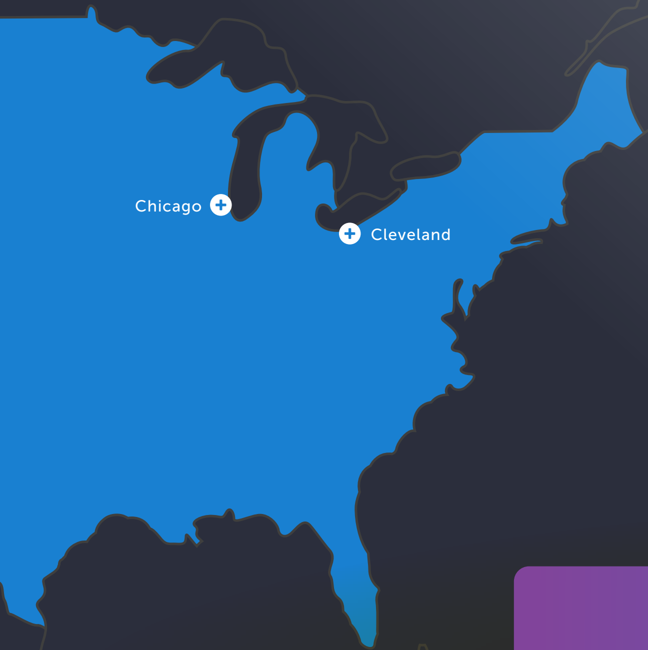
(excl. investment income)



1 Underlying revenue is stated on a consistent basis excluding the impact of fair value adjustments related to acquisition accounting in historic periods.

2 Accounting policies have changed over the 20 year period. CAGRs based on FY03 and FY23. FY03 Group adjusted EBITDA (excl. investment income) calculated based on historical financials (under UK GAAP, with the Group adopting IFRS from 1 April 2005). FY21 onwards excludes the results of our US business.

Where we **operate**



Domestic & General operates across 12 markets, including the UK, Spain, Germany, Portugal, Italy and the US

UK offices   International offices

6.3m
Subscription customers

2.5m
Repairs per annum

0.5m
Replacements per annum

We have a **simple and transparent product range** and **a strong and resilient position in the home**

Our business at a glance

Product care

Breakdown and accidental damage protection and repair or replacement cover for the most important home products, including large domestic and electrical appliances, mobile phones and heating.

Replacement care

Breakdown and accidental damage protection for small domestic appliances costing under £200.

Replacement care has a fixed-term payment plan and offers instant replacement.

Repair & care

A point-of-need solution for customers who have experienced a breakdown of large domestic appliances, including washing machines, fridges, freezers and heating.

Products

Protecting customers from the cost and inconvenience of appliance breakdown by repairing or replacing key household items.

See more on pages 56 to 58

Markets

We continue to operate effectively across our 12 markets despite challenging external conditions.

See more on pages 24 to 26

Customers

We provide a high quality, expert service for customers and have high levels of customer satisfaction, loyalty and recurring revenue.

See more on pages 56 to 58

Partners

Exclusive long-term partnerships with leading Original Equipment Manufacturers ('OEMs') and retailers.

Strong distribution model and a mutually beneficial eco-system working with our partners.

See more on pages 59 to 62

People

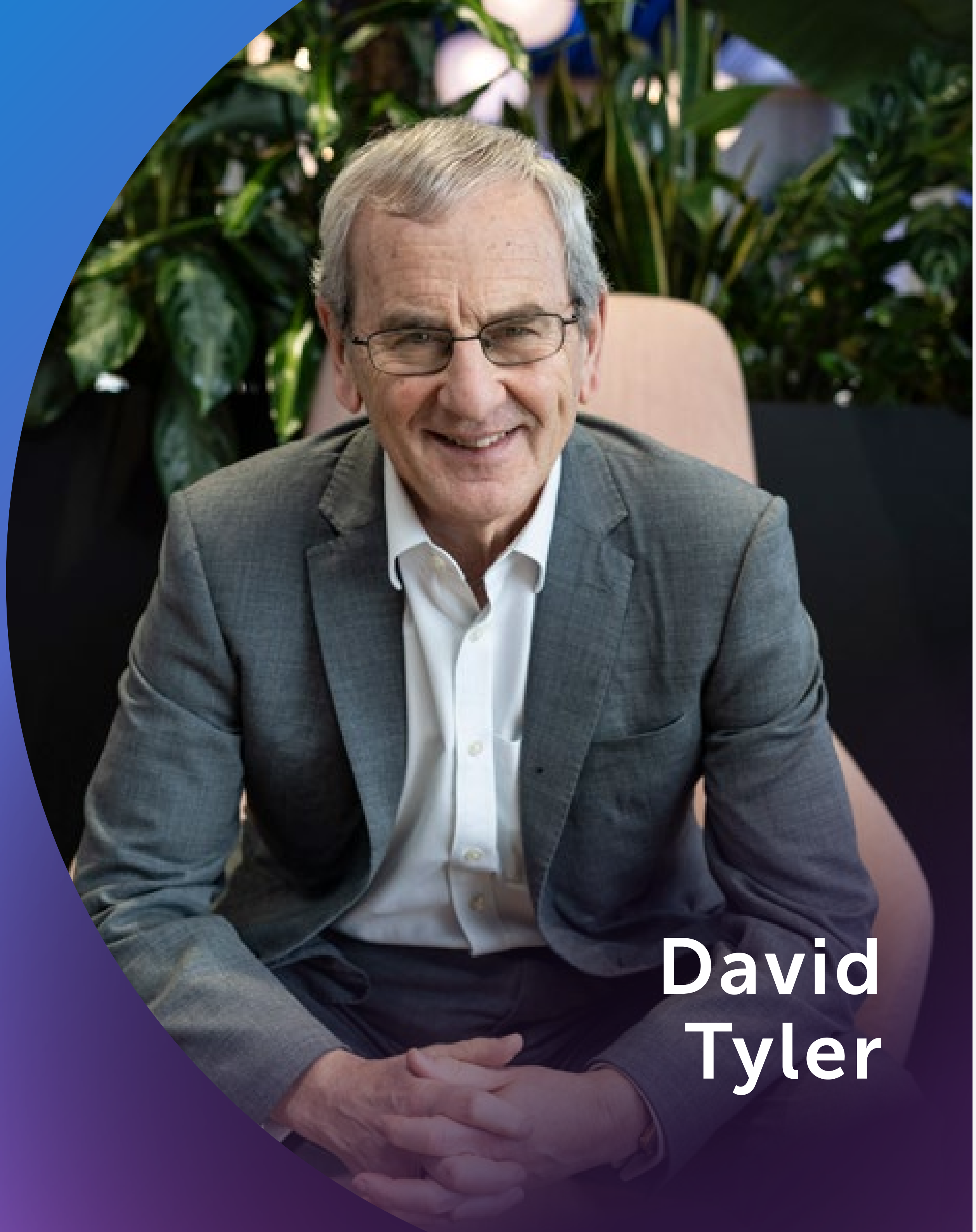
Our people strategy is focused on empowering our people for the future, driving innovation and ensuring we are a digital-first business.

See more on pages 63 to 68

Chair's statement

Resilient performance in the face of turbulent market conditions.

The past 12 months has seen great economic uncertainty and instability for many. Following the beginning of the war in Ukraine in February 2022, we have all been living through a difficult period economically and politically, exacerbated by the fact that we have also only been emerging from the disruption of the COVID-19 pandemic in the last twelve months.



At Domestic and General, we have been running our business during the last year in an environment where consumers have been adversely affected by a sharp increase in their cost of living. We have not experienced inflation in the UK at such high levels since the early 1990s – thirty years ago.

Against this backdrop, it has been particularly pleasing to see the resilient performance of the business, as we have continued to offer our customers peace of mind and protection against the breakdown of their appliances or damage to them.

On behalf of the Board, I would like to express our grateful thanks to all of our colleagues across the business for their commitment and skill in serving our customers in this difficult period. I would especially like to thank Matthew Crummack, our Chief Executive Officer ('CEO'), who joined Domestic & General ('D&G') in October 2021 shortly before the start of the Ukraine war. Matthew has had a very positive impact on the culture of the business and its values over his first 18 months. He is introducing a global operating model which brings consistent ways of working across the Group. Under his leadership, we are making great strides in particular in improving our digital journeys and offerings to our customers.

One of the key changes that Matthew has brought to the business has been the expansion of his senior leadership team. Moving away from a smaller Executive Committee, Matthew has created the new Domestic & General Leadership Group ('DGLG'), which is now made up of 16 senior leaders from across the business. Key hires into the leadership team have included Vipul Chhabra (Chief Data and Underwriting Officer) who joined from Funding Circle in October 2022, Hannah Kershaw (Chief Product Officer) who joined from Persimmon Homes in March 2022, Anna Capitanio (Chief People Officer) who joined from BT in March 2023 and Jim Vreeland (US Chief Revenue Officer) who joined from Companion Protect in March 2023.

The only change to our Board over the last year has been the departure of Peter Rutland in November 2022 from his longstanding role as a Non-Executive Director due to a growing number of other commitments. However, as a key member of CVC's investment team, Peter continues to attend Board meetings in an advisory capacity when possible, continuing to provide invaluable market insight and challenge from outside.

Turning to our results this year, I am pleased to report that the business has delivered another year of good financial results with revenue growth of 7% and adjusted EBITDA (excluding the US) of £132m (FY22 Restated: £116m).

The performance of the UK business demonstrated yet again the resilience of our business model. Despite the cost-of-living crisis and the decline in appliance sales this year, UK subscription revenue growth still reached 6%. This was driven above all by the strength and maturity of our renewals book. Alongside this, our business in Continental Europe continued to deliver strong growth, with subscription revenue 23% higher year-on-year, boosted by the strong sales of subscription products through our retail partners in Portugal.

A key area of focus over the past year has been our growth in the US, where we continue to work closely with Whirlpool to bring new subscription products to US consumers. We are taking significant steps forward, with encouraging conversion rates, which we expect to improve further as we look to roll-out enhanced marketing materials with Whirlpool. We have a clear strategy in the US and have recently completed the strategic acquisition of After Inc, further expanding our US footprint. We are increasing our resources there as well as leveraging our global team to deliver the growth plan. The warranty market in the US is an under penetrated and under-served one. Consumers are engaged with our products and this is resulting in positive conversations with prospective partners.

We are now three years into our five-year plan, and we are pleased with our progress despite the adverse economic environment this year. We have a very strong leadership team in place who are executing our plan with great skill and energy. We continue to believe we can deliver the further profit growth we are targeting over the next two years.

"Our 'repair first' ethos remains at the core of what we do and has seen us undertake a further 2.5 million repairs in the past year"

Group adjusted EBITDA ex US

£132m

FY22 Restated: £116m

Group subscription revenue

£871m

FY22 Restated: £803m

With the ongoing pressure on household finances, our product offering is more important than ever to many of our customers, and we are even more focused on providing the best possible service to our customers whenever they need us. We have worked hard in what has been a challenging labour market to ensure that our contact centres have been well resourced. This has resulted in a significant reduction in the time our customers have had to wait to speak to us compared to last winter. We work closely with our third-party network of engineers, and it has been pleasing to see that our Net Promoter Score for repairs (being a key measure of customer satisfaction) has increased to 53 (FY22: 51).

Our focus on sustainability has gone up a gear, with several key steps taken as we look to play our part in the fight against climate change. Our 'repair first' ethos remains at the core of what we do and has seen us undertake a further 2.5 million repairs in the past year (FY22: 2.5 million), as we look to extend the life of appliances and reduce waste to landfill. Our Sustainability Committee is now well established and meets four times a year, providing updates to the Board regularly on progress and key topics. We are on a journey towards setting ambitious but achievable targets.

We have recently conducted an Environmental, Social, and Governance ('ESG') materiality assessment, engaging a wide range of internal and external stakeholders to determine the ESG topics that they believe are most material for our business, and we will be using those results to help us determine our key areas of focus over the coming years. We are a proud member of the UN's Global Compact Network, the world's largest corporate sustainability initiative, which calls for companies to align their operations and strategies with 10 universally accepted principles related to the environment, human rights, labour and anti-corruption. We were also delighted to be an official sponsor of the Birmingham 2022 Commonwealth Games, which has made great progress in its journey to create a carbon-neutral legacy, amplifying the importance of sustainability to a global audience.

Our Customer First ethos remains a core pillar in our culture, with risk management, compliance and data privacy embedded in our decision making across the business. We work hard to comply with all current regulations, and we have been busy this year preparing for the Financial Conduct Authority's ('FCA') new 'Consumer Duty' principle, which comes into effect in July 2023. Our plans, which are on track and are progressing well, are being overseen through a robust governance framework, with Barbara Merry taking an active role as our Consumer Duty Board Champion. I am pleased to report that we continue to have a positive and transparent relationship with our regulators, underpinned by strong governance over our key processes.

Our longstanding partnerships with major OEMs and retailers continue to be a core strength for our business. We thank all our partners for their ongoing commitment, and we look forward to continuing to work together for many years to come.

Our culture is to put the customer first and each employee plays an important role in helping D&G to deliver excellent service to them.

I look forward to another positive year ahead as we work to provide further value to all our key stakeholders: customers, business partners, colleagues, shareholders and the wider community.

David Tyler
Chair
29 June 2023

CEO's statement

We remain a resilient growth business despite a tough external environment, in what has been an incredibly encouraging year across the Group. We continue to unlock growth opportunities at pace, enabled by the introduction of a new operating model which prioritises scalability and growth for a "one D&G" business around the world.

Matthew Crummack

Our progress over the last 12-months includes adopting an outcome-led operating model, delivering against our strategy to grow customer subscriptions across all markets while investing in our people to shift towards a mindset of outperformance against expectations.

Our stronger leadership team brings together experience, tenure and expertise from the existing business alongside new, diverse talent with specific competencies and experience, notably in technology, digital, product development, data and analytics and talent management. Focusing on experiences and outcomes has given us a stronger centre of gravity in the company about how we realise improvements faster.

I am pleased to report that our unwavering focus on our Objectives and Key Results ('OKRs') has delivered a strong financial performance, once again.

Making the world better one repair at a time

At the heart of our business and customer proposition is our repair first ethos, which is designed to extend the life of our customers' appliances, eliminating the risk of unexpected one-off costs and keeping our customers' worlds running. We are helping millions of customers to register, protect and repair their household electrical goods on a monthly pay platform which gives them flexibility to add to the plan or cancel it at any time. We are very aware of the uncertainty caused by the cost-of-living crisis now being felt by many people in the UK and Europe, but our consumer research tells us that while behaviours and attitudes are changing, outlay on the protection of often non-discretionary and expensive domestic appliances remains important to consumers despite a more prudent approach to spending.

To support this, we introduced new customer communications to help our customers save money and also energy during this time of uncertainty. We actively adjusted our approach to helping our customers manage financial duress during the pandemic and have maintained this heightened level of support through the last 12 months. We have worked consistently throughout the year to deliver full repair and replacement services through our network of accredited engineers, despite the challenges posed by global supply chain issues.

Resilient performance

I am pleased to report that we had a record-breaking year despite the challenging macroeconomic environment. Subscription revenue has grown by 8%, adjusted EBITDA ex US was £132m (FY22 Restated: £116m), while retention and renewals remain strong; reflecting the continued resilience of our business model.

We continue to grow revenue and subscription sales from our large customer base in the UK. In what we still believe to be an under penetrated market for our company. European growth is running well over double that of the UK and is now hitting a scale which allows us to invest from a profitable base. All this is in addition to the opening of our US market operations in September 2021, which represents an exciting and material growth opportunity for us. We continue to monitor and analyse the ever-shifting macroeconomic landscape carefully, factoring this into our future group planning to support customers and clients while we pursue our growth strategy.

Commercial partnerships remain at the heart of the D&G ecosystem. We work strategically and operationally with our manufacturer and retail partners, with the goal of creating value together while providing peace of mind to our customers. We are growing sustainable profitable business working closely with our partners, retaining our core partners provides the business with security to plan and invest for the future and accelerate our growth ambitions and open new sectors (see 'Our Partners', page 59). Our largest ten UK partners by FY23 sales have an average tenure of 24 years and an average remaining contract length of 3 years, showing that they value our partnership. We have a strong roster of long-lasting and sustainable partnerships, and I am pleased to confirm that in the last year we have extended a number of these partnerships, namely Sky, Radio Popular and Whirlpool. We have also brought seven new innovative customer propositions to market, including Plumbing & Drainage cover, a monthly subscription proposition for John Lewis customers and a protection proposition for Air Source Heat Pumps for Scottish Power.

> "In recognition of the importance of sustainability to D&G, last year we created a sub-committee of the Board of Directors to provide oversight, governance and pace to this fundamental part of our business"

A transformational 12-month period, with a relentless focus on driving groupwide growth, once again demonstrating our ability to invest, to innovate and to lead the industry.

Subscription customer retention rate

85%

FY22: 85%

Number of repairs per annum

2.5m

FY22: 2.5m

Focusing on sustainability

We have an important role to play in reducing waste to landfill through repairs and are actively using our position to amplify and promote ways our customers can make their appliances and products more efficient. In our drive to become an even more responsible business, we are increasing the ways in which we positively influence consumer behaviour to improve environmental outcomes. We have undertaken a formal assessment of our stakeholders to understand the ESG topics that they think are most material and alongside this we are also working on emissions analysis to help determine the key areas of focus (see 'Environmental, social and governance' section starting on page 44).

Calculating our carbon emissions has been a critical exercise as we start our journey towards the establishment of science-based targets ('SBTs'). The vast majority of our emissions are generated within scope 3, outside the scope of the immediate company, so a greater level of due diligence and analysis is required to ensure we have an accurate picture of what we can influence and by when.

In recognition of the importance of sustainability to D&G, last year we created a sub-committee of the Board of Directors to provide oversight, governance and pace to this fundamental part of our business. Many thanks to Barbara Merry for chairing this endeavour as we deliver the next stage of our ambitious sustainability plans.

Delivering to our customers

There are clear growth opportunities for businesses that prioritise great customer outcomes, while thinking continuously about how to improve them. Using digitisation and data intelligence tools – driven by new talent within the business – has effectively enabled us to provide a more streamlined service for our customers.

We continue to focus relentlessly on high quality customer service, with a claims approval rate of 99%.

We have been trialling new ways to support customers to self-fix for simple issues; this results in immediate fixes and savings on engineer and travel costs and provides environmental benefits.

We always focus on outcomes which benefit the customer. We deploy technology and use data to improve the experience of a customer who is searching online or talking to one of our agents, working hard to ensure this experience is optimal.

A truly global D&G

We operate in 12 markets and are looking to replicate the success of our UK subscription model into our international operations.

We have achieved and learnt a great deal after our first year of trading in the US, during which we have identified new opportunities such as our recent acquisition of After Inc. In response to this, we have appointed the Group Chief Marketing Officer, Gayle Terry, as President of our US business. We are successfully reapplying UK innovations with minor modifications in order to succeed in the US. Our 'best in class' thinking around product management and operational synergies from our fast switch operating model has delivered critical wins and learnings in year one. We believe that there are clear opportunities for growth as the appetite for our subscription-based product continues to grow. In the next year we expect to increase registration volumes and subscription plans through digital registrations and are looking to expand further with new partnerships and prospects.

I am delighted at the record level of business we have been writing in the EU, particularly our subscription business in Iberia. We continue to show that our product offering is attractive to European consumers and have demonstrated that we can successfully transition retail clients to our subscription model, extending and strengthening customer relationships.

We are harnessing the value of data to increase post point of sale engagement which has already led us to establish new direct marketing capabilities in Spain and Italy, as well as a brand-new operation in Porto to support Portuguese retail growth.

Joe Fitzgerald, our Chief Financial Officer ('CFO') and I are personally overseeing a plan for the region to ensure we prioritise activity that delivers the most value to our clients and customers and accelerates the growth of our EU business.

Meanwhile, our Australian operation continues to run-off in an orderly manner.

Strength of leadership

Last year, I took the decision to broaden our leadership team in size, scope and diversity, ensuring that we have sufficient engagement and "eyeballs" on the path ahead. In addition to the highly skilled and tenured talent we have in the Group, we also added:

- **Vipul Chhabra**, Chief Data and Underwriting Officer. Vipul's key focus is to deploy intelligence and action from data to deliver stronger, sustainable outcomes
- **Hannah Kershaw**, Chief Product Officer. Hannah's objective is to use technology to deliver better outcomes for all stakeholders – customers, clients, colleagues
- **Anna Capitanio**, Chief People Officer. Anna's mission is to build a global company of talent with a strong, modern and inclusive culture
- **Jim Vreeland,** US Chief Revenue Officer. Jim brings a wealth of experience in insurance and services, having held senior roles at large global brands.

Our people are our best asset

D&G is a people-orientated business; we recognise the critical importance of attracting and retaining the very best people and empowering them to make a difference for our customers. The commitment and passion of our people is what makes D&G a unique and special place to work. I am proud of the hard-work and dedication of the team during this period of transformation which is why our 'People deal' is so important.

We have been thinking creatively about how to give people the tools to thrive and remain motivated. This includes investment in training and development, wellbeing support and having a truly inclusive culture. Our hybrid working model has allowed our team to maximise both productivity and flexibility, while the decision to extend fully flexible working to the whole UK employee population in FY23 has been very positively received, representative of the greater trust-based environment that we are striving to create and reinforcing expected positive and inclusive behaviours.

In addition to these initiatives, we continue to invest in office spaces which reflect a move towards flexible and collaborative working. Our recently opened Nottingham office will give our employees in the East Midlands a high-quality experience just like the state-of-the-art office space in Wimbledon.

We are fortunate to have individuals with significant tenure who have helped build D&G to where it is today. Couple this with the strength of new talent and we have a winning formula to unlock the changes needed to deliver our strategy.

I would like to genuinely thank the whole D&G team worldwide for their continuous hard work and support. The culture within D&G is one of our unique strengths and what makes it a truly great place to work. As part of our Focus 25 strategy, we are creating a culture built on agility, allowing us to adapt and pivot to the changing economic and competitor landscape and exploit the growth oportunities.

Summary

We have delivered in the year, 2.5m repairs and 0.5m replacements for our customers. Our transformative innovation and relentless focus enables us to deliver ambitious growth across all territories. We are well positioned to execute at pace and harness the scale of the business. Most of all, we are very enthusiastic at being at the heart of building a sustainable growth company which can positively impact so many people in so many ways.

Outlook for FY24

Given the macro environment continues to look tough, we will focus on the resilience and sustainability of the Group. The Group's strategy will not change but we will evolve our growth plans to seize further potential opportunities in the UK, Europe and the US.

Matthew Crummack
CEO
29 June 2023

Financial **review**

Group financial highlights

Revenue
£983m
FY22 Restated[1]: £920m

Subscription revenue
£871m
FY22 Restated[1]: £803m

Adjusted EBITDA ex US[2]
£132m
FY22 Restated[1]: £116m

Operating profit
£68m
FY22 Restated[1]: £61m

Solvency ratio[2]
202%
FY22: 196%

Free cashflow
£56m
FY22: £54m

Joe Fitzgerald
Chief Financial Officer

1 Refer to note 28 in the financial statements for more details

2 This is an Alternative Performance Measure ('APM') which provides useful information to enhance the understanding of financial performance. Further information on APM's, including a reconciliation to the financial statements (where possible) can be found in the 'Other information' section on pages 149 to 150

Despite economic headwinds we have achieved another strong set of results with double digit growth in adjusted EBITDA, further demonstrating the strength of our subscription business model, partnership networks and underlying cost discipline.

Overview

We have seen continued strong financial performance over the last year, despite inflationary and cost of living pressures. Although a high-inflation environment is a type of adverse economic situation we have not seen for many years, the business has continued to do well with an 85% subscription customer retention rate in line with prior year (FY22: 85%). This demonstrates that our customers continue to value our products despite the challenging environment. Group revenue grew by 7% to £983m (FY22 Restated: £920m), with growth across all business units. Our subscription business model continues to emonstrate its strength with total subscription revenue up 8% year on-year to £871m (FY22 Restated: £803m), reflecting increased new business levels with stable subscription customer retention rates.

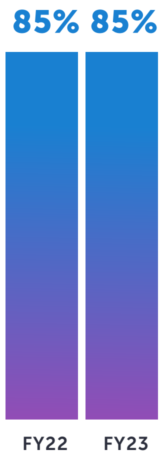
Group adjusted EBITDA is £124m (FY22 Restated: £110m), an increase of 12%. Excluding initial losses incurred in our US business, which launched in September 2021, Group adjusted EBITDA ex US increased 13% to £132m (FY22 Restated: £116m) reflecting continued strong trading performance and cost discipline. Operating profit increased by 12% to £68m (FY22 Restated: £61m) reflecting growth in underlying trading, despite increased spend on significant items of £4m in FY23 driven by costs relating to the implementation of IFRS 17, restructuring costs and transaction costs relating to the acquisition of After Inc (FY22: £2m).

We are now 18 months into our US journey with the operations and systems firmly established, and our product offering is gaining traction with the customers of our partner, Whirlpool. As at the end of March, we had over 60,000 US subscription customers, generating £6m of revenue (FY22: £0.3m), all of which is subscription based. Over the next year, we expect to grow Whirlpool customer volumes significantly through digital registrations and further improved conversion.

In June 2023, we completed the acquisition of After Inc, an experienced US post-sale warranty provider for $75m. Combining our strengths, we can create a unique value proposition for partners, manufacturers, retailers and affiliates. The acquisition provides an accelerated opportunity to improve our market share and grow at pace in the US.

Revenue

Overall, Group revenue increased by 7% to £983m (FY22 Restated: £920m) driven by growth across all our businesses. UK revenue increased by 5% to £790m (FY22 Restated: £754m) primarily due to growth in our renewals book which is driven by our subscription model and high retention rates. Subscription revenue in the UK increased 6% to £749m (FY22 Restated: £709m). International ex US revenue increased to £187m (FY22: £166m), an increase of 12%. Subscription revenue continues to be a growing proportion of total International (ex US) revenue at 62% (FY22: 57%) reflecting the continued success in replicating our UK subscription model. Overall, subscription revenue in our International business (ex US) grew 23% compared to the previous year.



Subscription customer retention

Subscription customers (m)

Operating profit

Group operating profit increased 12% to £68m (FY22 Restated: £61m) with growth both in the UK and International businesses driven by increasing subscription profits, due primarily to renewals and stable total cost ratios. Significant costs increased to £4m (FY22: £2m) as FY23 included costs relating to the implementation of IFRS 17, restructuring costs and transaction costs relating to the acquisition of After Inc which completed in June 2023. Repairs, claims costs and acquisition costs have reduced as a proportion of revenue, reflecting strong revenue growth and the predictable nature of costs arising from our portfolio of large volume, low value contracts, with short tail risks.

Significant items

A significant item charge of £4m (FY22: £2m) has been recognised in the year.

	FY23 £m	FY22 £m
IFRS 17	(2.3)	-
Restructuring costs	(2.1)	(1.8)
Transaction related costs	(1.0)	-
Customer First	1.4	-
Brexit	-	(0.2)
Significant items	(4.0)	(2.0)

In FY23, a charge of £4m has been recognised for significant items primarily relating to the implementation of IFRS 17, restructuring costs and transaction related costs, partially offset by the release of a provision relating to our Customer First programme and our transition to an enhanced product offering which has now been fully completed.

Depreciation and amortisation

Depreciation and amortisation charges increased by £3m to £51m (FY22: £48m). As we build our digital capability, the amortisation period for some of our legacy assets has been updated resulting in an additional net charge of £6m in FY23 (FY22 also included an additional charge of £5m). Excluding these items, the underlying amortisation charge increased driven by our continued capital investment in our IT infrastructure.

Finance costs

Total finance costs increased by £6m to £62m (FY22:£56m) with the uplift primarily due to market-driven interest rate increases on the floating rate portion of our external debt.

Profit before tax

The Group recognised a profit before tax of £7m (FY22 Restated: £4m), reflecting the increase in operating profit, partially offset by the increase in finance costs with net investment income and expenses remaining broadly stable year-on-year.

Taxation

The tax charge decreased by £6.5m to a credit of £0.4m (FY22 Restated: £6.1m charge). This is primarily because FY22 was adversely impacted by tax rate changes on deferred tax assets/liabilities, and additionally FY23 benefits from prior year adjustments in relation to capital allowances.

Subscription revenue (£m)

Revenue per subscription customer (£)

Reconciliation of Group operating profit to adjusted EBITDA ex US

	FY23 £m	Restated FY22 £m
Operating profit	**68.0**	**60.5**
Adjusted for:		
Significant items	4.0	2.0
Depreciation and amortisation	51.4	48.1
Net investment income/(expense)	0.2	(0.3)
Adjusted EBIDTA	**123.6**	**110.3**
Adjusted for:		
US loss	8.0	5.7
Adjusted EBITDA ex US	**131.6**	**116.0**

Revenue growth of 7% and good cost discipline has supported a 12% year-on-year increase in operating profit. Operating profit is adjusted for certain non-cash expenditure (depreciation and amortisation) together with significant items and investment income which are not considered to be indicative of underlying trading to arrive at adjusted EBITDA of £132m excluding the US, or £124m including the US result.

Group cash flow, net debt and balance sheet

	FY23 £m	FY22 £m
Third-party debt*	762.5	751.8
Unrestricted cash reserves	(55.6)	(64.3)
Net debt	706.9	687.5

* Includes €200m Floating Rate Senior Secured Note translated at transaction date spot rate as currency exposure is fully hedged. See note 33D on page 148.

Unrestricted cash represents the combination of the cash and cash equivalents balance of the unregulated business and the distributable surplus capital of the regulated business in excess of regulatory capital requirements. Gross third-party debt remained broadly stable at £763m (FY22: £752m). At 31 March 2023, the RCF remained undrawn. Subsequent to year-end we aquired After Inc, please see note 35 of the financial statements for how this transaction was funded including the impact on our RCF. Unrestricted cash reserves decreased by £8m to £56m (FY22: £64m) primarily driven by our investment in the US and enhanced capital expenditure. Net debt increased by £19m to £707m (FY22: £688m), driven by the reduction in unrestricted cash and an increase in lease liabilities.

IFRS cash and investments

	FY23 £m	FY22 £m
Cash and cash equivalents at the beginning of the year	**33.9**	**71.0**
Net cash from operating activities	24.1	6.0
Net cash used in investing activities	(24.6)	(36.6)
Net cash used in financing activities	(3.5)	(6.3)
Effects of foreign exchange	0.4	(0.2)
Cash and cash equivalents at the end of the year	**30.3**	**33.9**
Liquid investments	44.1	46.8
Preference share investments	60.3*	55.9*
Cash and cash equivalents and investments at the end of the year	**134.7**	**136.6**

* Relating to investments in preference shares issued by Galaxy Finco 2 Limited, a fellow subsidiary of the Group's immediate parent, Galaxy Midco 2 Limited

Net cash from operating activities of £24m (FY22: net cash from operating activities of £6m) represents an increase of £18m compared to the prior year. This was net of working capital outflows of £33m in FY23 (FY22: £45m outflows), which supported the ongoing growth of subscription business, commission arrangements with clients in relation to multi-year commercial terms, US working capital investment and the ongoing run-off of our Australian business.

Net cash used in investing activities was £25m (FY22: net cash used in investing activities of £37m), a decrease of £12m. The lower outflows in FY23 primarily reflect reduced software acquisitions with the peak in our capital investment in our IT infrastructure occurring in the previous year.

There was a net cash outflow from financing activities of £4m in FY23 (FY22: outflow of £6m) primarily reflecting the repayment of lease liabilities, which reduced year-on-year due to rent free periods on new leases and a reduction in our office footprint. As a result, the Group's cash and cash equivalents and investments decreased by £2m to £135m (FY22: £137m).

Free cash flow

The Group's ability to service debt depends primarily on two separate factors:

(a) free cash flow from the unregulated business; and (b) distributable earnings of the regulated business, in excess of regulatory capital requirements.

The latter of these items is subject to compliance with the applicable capital requirements of Solvency II which are not reflected in the statutory cash flow.

Free cash flow is presented below:

	FY23 £m	Restated FY22 £m
Adjusted EBITDA ex US	**131.6**	**116.0**
Change in Unregulated working capital (ex Aus and US)	(8.5)	(4.7)
Excess regulated EBITDA over distributable reserves*	(19.0)	(6.2)
Operating cash before capex	**104.1**	**105.1**
Capital expenditure	(27.2)	(35.3)
Free cash flow before US costs and Aus working capital	**76.9**	**69.8**
Cash conversion (adj EBITDA ex US)	58%	60%
Australia working capital	(9.0)	(3.9)
US costs	(11.5)	(11.6)
Total free cash flow	**56.4**	**54.3**
Adjusted EBITDA including US	123.6	110.3
Reported cash conversion	46%	49%

*Excess regulated EBITDA over distributable reserves is the difference between EBITDA of the Regulated business and its corresponding change in distributable reserves: -

Regulated Business adjusted EBITDA	42.7	31.4
Change in distributable reserves in Regulated Business	(23.7)	(25.2)
	19.0	6.2

Free cashflow increased to £56m (FY22: £54m) with an underlying cash conversion rate of 46% (FY22 Restated: 49%). The reduction in cash conversion from FY22 was impacted by the run-off of the Australian business.

Capital structure and solvency

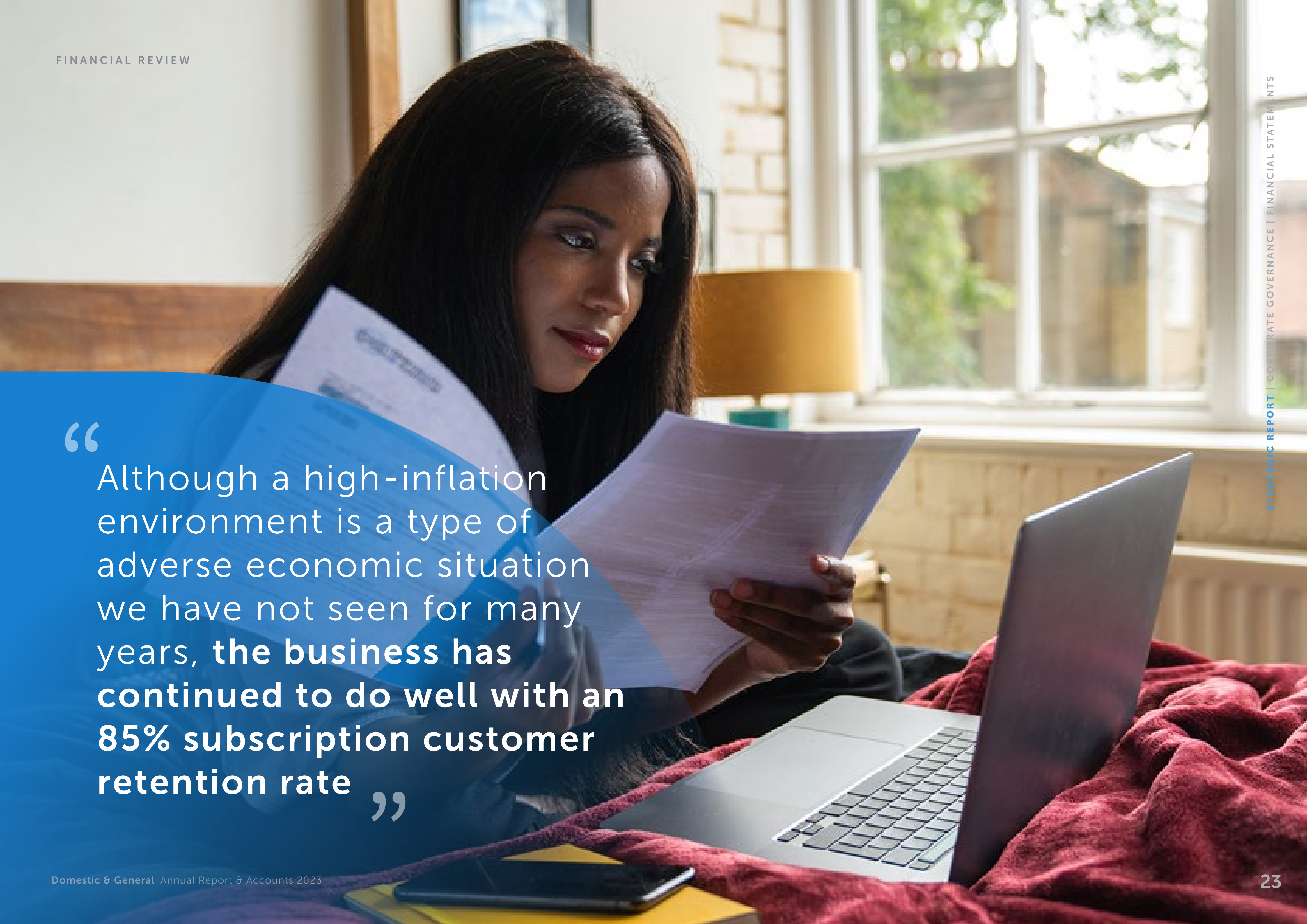
The capital and solvency position of the regulated business is presented below:

	FY23 £m	FY22 £m
Solvency II capital resources	174.1	165.2
Solvency II capital requirements	86.4	84.2
Solvency ratio	**202%**	**196%**

The Group has continued to maintain a strong regulatory capital position, with a solvency ratio in excess of our 130% commitment. The underlying capital structure is kept under review to ensure these requirements are met and to maintain an efficient balance sheet. The Group's insurance companies, DGI and DGIEU, are regulated by the UK Prudential Regulation Authority ('PRA') and the German Federal Financial Supervisory Authority ('BaFin') respectively. The Board regularly reviews the capital position of the Group and the regulated entities and, as part of the Solvency II regime, the Group has an Own Risk and Solvency Assessment ('ORSA') process which is used to assess the level of capital that should be retained by the Group's insurance companies. This process considers the various risks faced by the regulated group and includes stress tests applied to financial projections to ensure that projected levels of capital can withstand hypothetical shocks.

The regulated group is well capitalised under the Solvency II standard model (with Undertaking Specific Parameters ('USPs')) and on the basis of its ORSA process. The qualifying capital resources of £174m (FY22: £165m) held by the regulated Group at the year-end comfortably exceeded its capital requirements of £86m (FY22: £84m), giving a regulatory solvency ratio of 202% (FY22: 196%). The Group's dividend policy takes into account our policy to maintain eligible Own Funds at or above a threshold solvency ratio of 130% and also requires that due consideration is given to stress-tested liquidity requirements and any current relevant PRA guidance.

Joe Fitzgerald
Chief Financial Officer
29 June 2023



"Although a high-inflation environment is a type of adverse economic situation we have not seen for many years, **the business has continued to do well with an 85% subscription customer retention rate**"

Our market

Despite a challenging macro environment, D&G has continued to deliver profitable, sustainable growth.

Navigating a **changing landscape**

FY23 featured economic downturns in many of the markets in which we operate. Economies suffered from high levels of inflation and rising interest rates, driven by a series of supply side shocks following geopolitical conflict, the energy supply crisis and disrupted supply chains. These macroeconomic factors in turn contributed to a cost-of-living crisis for consumers, who continue to face difficult choices for their finances.

We are proud to be seen as providing a valuable and necessary service and our continued ability to grow and retain customers through this period is testament to the important part we play in keeping our customers' homes running. Indeed, recent external cost of living research shows that expenditure on insurance and warranty are of higher importance relative to other categories such as entertainment, holidays, eating out and even spending on food, clothing and personal care.

Despite the challenging economic conditions, we witnessed waves of technological advancement, particularly in the fields of generative Artificial Intelligence ('AI') and data science with increased mainstream debate on how these technologies will shape all of our lives in the future. We employ leading edge data science techniques in several areas of our business and we will continue to evaluate new use cases for how to use these tools to drive value.

We closely monitor market, competitor, technology and customer trends so that we pre-empt and react to these appropriately. We are pleased that across the last year we have continued to deliver our strategy while navigating ever-changing customer needs and market developments.

Key trends and how we are responding

Customer Expectations

Market trends

- Increasing expectation from consumers for personalised, tailored propositions and experiences
- Growing expectations for proactive customer engagement
- Expectation that companies will appropriately balance privacy and the value that can be provided using data

Our response

- We have introduced new communication channels utilising social media
- We use our leading customer feedback platform 'D&G Voices' to measure, analyse and act on customer feedback
- Robust customer data protection controls and processes

Competitor Insights

Market trends

- Emergence of 'digital first' competitors
- A focus on preventative service models versus more reactive insurance models
- Evidence of high-tech companies entering insurance markets
- Development of ecosystems underpinned by partnerships and platform business models
- Moves from some warranty companies to providing physical retail stores

Our response

- We regularly monitor competitor activity to assess any threats and ensure D&G retains its leading position. Our business model and routes to market provide competitive resilience
- We actively engage with market players to elicit opportunities to partner

Regulatory Landscape

Market trends

- Consumer Duty regulation for financial firms in the UK approaching implementation, bringing key changes to how firms operate and drive good customer outcomes. Elements of the regulation start to apply from July 2023
- Increase of climate related regulation and legislation, particularly in Europe and UK

Our response

- We continue to make improvements to our customer journeys, communications and product reviews to align with Consumer Duty and enhance support and value for our customers
- We maintain 'horizon scanning' of emerging regulatory and legal change across our chosen territories

Economic Environment

Market trends

- High levels of inflation and increasing interest rates during FY23
- Economies have started to rebound with reductions in energy prices and the unblocking of supply chains
- Overall market stagnation in UK and Europe followed by a slow return to growth

Our response

- We closely monitor macroeconomic conditions to determine our response, in particular to mitigate cost rises with suppliers and evolve our pricing strategies with limited impact on customer retention
- We are proud that consumers continue to value our proposition as a mitigation to unexpected financial shocks
- We are resilient to fluctuations in new business given our large renewals back book and multiple routes to market

Tech & Data Enabled Transformation

Market trends

- Consumer demand for digital experiences continues to grow
- The continued importance of omni-channel, personalised experiences powered by data
- Increasing mainstream adoption of tools powered by Artificial Intelligence and data science techniques
- The move to cloud-based architectures powered via application programming interfaces ('APIs') to enable flexibility and scalability
- Use of digital technologies and e-commerce innovation to embed insurance into other journeys

Our response

- We have transitioned to a product-led operating model
- We maintain our keen focus on delivering valuable customer experiences across all channels, powered by new technologies and data capabilities
- We are investing in global platform capabilities which are scalable and flexible

Sustainability & Climate

Market trends

- Focus from stakeholders on how companies are managing the risks and opportunities provided by climate change
- Growing consumer conscience on climate is driving interest in sustainable products and services
- A growing focus on solutions which support a transition to a more circular economy and support biodiversity
- Increasing interest from consumers for refurbished items
- Growth in number of companies setting science-based net zero targets

Our response

- We have performed an ESG materiality assessment with our stakeholders to determine our areas of focus
- We continue working to better understand and reduce our environmental impact
- ESG is at the heart of what we do by extending the life of appliances and helping customers recycle

Our business model

A unique combination of assets create a market leading customer proposition

Inputs

- Unique and exclusive routes to markets
- A recognised brand, trusted by customers and partners
- Strong mutually beneficial relationships with partners
- Engaged, innovative employees delivering high-quality customer service
- Robust financial position enabling investment in innovation
- Relentless customer focus

A diversified omni-channel strategy including customer data capture that enables monthly subscription and strong retention

New appliance sales

Repairs

27%[1]

Point-of-sale ('PoS')

Appliance Care Plans sold in-store or digitally via retailers.

Comprehensive data capture

Exclusive access to extensive marketing data via product registration.

Point-of-need ('PoN')

Appliance breakdown outside guarantee period.

8%[1]

Post-point-of-sale ('PPoS') across product life cycle

Direct marketing to customers and cross-sell campaigns.

65%[1]

Subscription renewals

Cross-sales

Customer

[1] Route to market percentages calculated using FY23 group subscription new business plans

Outcomes

Customers

Simple and transparent product range, available throughout the appliance lifecycle

Peace of mind against the cost and inconvenience of appliance breakdowns

Strong net promoter score for repairs of 53[2] (FY22: 51)

First fix
78%
FY22: 83%

Second fix
97%
FY22: 98%

Partners

Opportunities for increased appliance sales

Ongoing customer relationships post sale

Higher repair volumes (for OEMs)

Average tenure
24 years
FY22: 22 years

Shareholders & bondholders

Predictable growth through new customer acquisition and stable retention

Adjusted EBITDA ex US
£132m
FY22 Restated: £116m

Free cash flow
£56m
FY22: £54m

Our people

Transformed our office spaces, invested in technology and partnered with onHand, a volunteering platform providing D&G employees with volunteering opportunities in their local area

7/10
Employees say D&G is a great place to work[3]

Environment & community

Trialling a 'softfix' model to empower and enable customers to complete simple repairs themselves

Repairs annually
2.5m
FY22: 2.5m

2 The net promoter score ('NPS') measures the loyalty of a company's customer base with a score from -100 to +100, which comes from customers answering the question "How likely are you to recommend this company?"

3 Results from FY23 employee survey conducted with Great Place to Work in March 2023. Note this is the first time we have completed this survey.

Our core pillars

We are the UK's leading specialist appliance care provider, trusted by our customers and partners alike. We are well positioned to deliver our strategy, while meeting evolving customer and partner needs.

Under the direction of a refreshed leadership team here at D&G, we have examined, refined and recommitted to our strategy. Growth continues to be at the heart of our strategy, embedding a product-led operating model, with the objectives of making it both scalable and capable of delivering improved customer experiences. Our strategy is based on three core pillars: market opportunity, resilient capabilities and sustainable growth.

A **sustainable** and **growing business**

Market opportunity

We are focused on delivering a compelling proposition with significant market opportunity, globally. Our products support the growing consumer sentiment towards more sustainable choices which are made even more relevant by recent macroeconomic trends.

- **Customer first:** Devices and appliances in the home have an increased importance to consumers
- **Sustainability embedded:** A 'repair first' ethos at the heart of everything we do

Resilient capabilities

We are founded on a highly successful and sustainable business model

- **Heritage:** We are over 100 years old and hold longstanding commercial partnerships sustained by a highly skilled engineer network and strategically aligned value propositions, delivering demonstrable value for partners and customers
- **Attractive earnings model:** Highly predictable cash flows from our subscription model and long-standing supplier arrangements, underpinned by a highly experienced management team
- **Long-term profitability:** Strong track record of continuous organic revenue and earnings growth for over 25 years

Sustainable growth

We have a compelling US and International growth story, harnessing the power of digital solutions and data

- **Superior execution**: Sustainable UK success story with revenue growth every year for over 20 years
- **Scalable in other markets:** Profitable and growing EU market with levers to unlock future growth potential
- **Innovation:** Expansion in the US opens up a significant scale of opportunity in an important market

Underpinned by a **strong culture**

Our product value

Core features & benefits

Simple,
no quibble claims experience

Unlimited repairs
by manufacturer engineers

Always a solution:
A like-for-like replacement if the appliance cannot be fixed

Flexible;
cancel at any time without penalties

A unique end-to-end service

Service

The convenience of end-to-end service provided by a high quality network of OEMs and independents

Protection

Our purpose is to provide solutions for customers who have a breakdown, providing peace of mind from financial loss or uncertainty

Sustainability

This is at the heart of what we do by extending the life of appliances, preventing appliances from prematurely ending up in landfill

More than just financial protection

Repair and replacement costs represent c.43% of income

Performance benchmarked favourably in the recent FCA data published versus other general insurance types e.g. home (28%-40%) and travel (9%-18%)

Convenience and peace of mind

99% claims approval rate and 86% of product replacements initiated online

Our subscription offering eliminates one-off outflows for our customers

Economies of scale and buying power

2.5m appliance repairs and **0.5m** replacements sourced per year, discounted to market prices

Expert repair management

1 in 3 claim each year with **78%** of appliances fixed on first visit and **97%** on second visit

The average consumer replaces rather than fixes and struggles to find high quality repairs

We are proud to be seen as providing a valuable and necessary service emphasised by our ability to retain **85%** of our existing subscription customers

Customer testimonials

"Excellent repair experience as always – Domestic & General insurance are a wonderful safety net of repairing or replacing an item and extremely good value."

"The gentleman who came to my home knew immediately what was wrong with my dryer, fixed it in no time, he was very pleasant and courteous, great value."

"I would just like to say thank you for dealing with my enquiry so promptly. The service has been first class and all staff have been very friendly."

Our strategy

Our core business purpose remains unchanged:

Make the world a better place, **one repair at a time**

Our 5-Year Business Plan

We have now successfully delivered the first 3 years of the ambitious 5 year business plan we set in 2019.

We remain focused on evolving D&G into an omni-channel, high-growth business which is expanding across all our core markets. The plan we set will deliver long-term value for our customers, people and shareholders.

The first few years of the plan were focused on delivering the foundations for long-term growth across our business. In FY23 we refined our business strategy, based on the learnings and achievements of the preceding 12 months.

The Group's 3 new strategic priorities aim to guide our future growth and development. They build on the core aspects of our successful business model but also recognise the need for continued innovation, agility and flexibility to respond to changing market conditions and customer demands. We believe that these pillars will position us to remain competitive and meet the evolving needs of our clients and customers in the years ahead.

Enablers

In order to accelerate delivery of these strategic priorities, we have been focused on the below 3 enablers when considering how we work as an organisation. These enablers are embedded across our operating model and decision-making:

Speed. Simplicity. Scale.

Our Strategic Priorities

1 **Growing D&G globally** across the UK, EU and the US

See pages 35 to 38

2 Building a **scalable digital business** with improved customer experience

See pages 39 to 40

3 Product and data driven **sustainable growth**

See pages 41 to 43

Growing D&G globally

1

The first strategic pillar is to grow the company, globally – with a clear focus on our 3 core territories, the UK, the EU and our newer operation in the US.

We recognise that the world is becoming increasingly interconnected, and the growth opportunities available to us are not limited to our established markets. By expanding our reach, particularly in the US, we can tap into new sources of revenue as well as gaining access to new customer groups. Our aim is to achieve a balanced geographic revenue mix. We believe this will provide us with greater stability and resilience while opening up new opportunities for growth.

We are pleased to report significant progress in this area during FY23. We have focused our efforts on expanding our presence in our key markets, the UK, EU and US, with each market bringing unique challenges and opportunities.

Group subscription revenue

£871m

FY22 Restated: £803m
+8%

UK Growth

The Group's most established and largest market, the UK has been the cornerstone of our global growth strategy.

We have continued to develop strong relationships with OEMs and retail clients and these partnerships provide the foundation for our ongoing success in this market.
In FY23 we continued to invest in our UK operations, with a focus on strengthening deep campaigning capability and optimising existing channels, particularly digital channels. Looking forward, we will continue deepening client and customer relationships while evolving channel mix to reach more customers. We will continue to invest in innovating D&G's customer propositions and customer experiences, via our product-led operating model.

FY23 progress

- Strong performance across on and offline campaigning channels (driving new business and cross-sale to existing customers)
- Strong performance on inbound sales channels with existing customers deciding to expand their coverage levels
- Continued focus on delivering industry leading digital sales experiences
- Sky contract extension to include Sky Glass, Sky's exciting new viewing platform

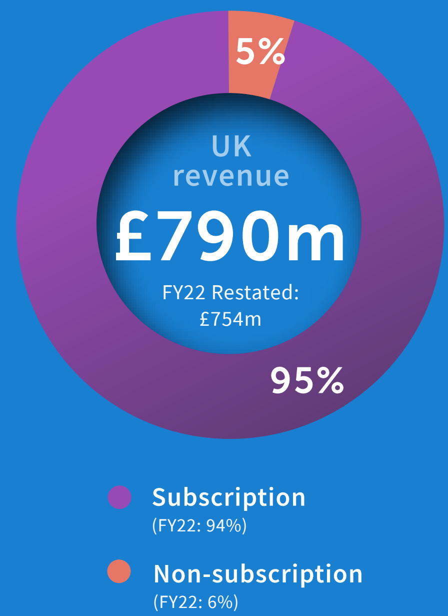
Future progress

Short term

- Continued evolution of our channel mix to apply capability and capacity to digital and campaigning channels
- Focus on enabling valuable up-sell/cross-sell offers for customers at relevant points within their customer journeys
- Continued focus on improving retention rates; focused on the pricing, service and proposition levers we know encourage customers to stay with us

Medium term

- Continued evolution of customer propositions exploring new areas of coverage (such as protection for green home technologies) and enhancements to our offering
- Proposition innovation including coverage for increasingly connected home and more tailored bundles protecting multiple items
- Development of new channels with clients
- Using our available data to deliver valuable customer interactions which in turn drive growth



4.6m
Subscription customers

+6%
Subscription revenue growth

EU Growth

We have been operating in the EU for many years and have made significant progress in building a strong presence in key European markets.

We have established and developed strong relationships with retail and OEM clients, and these relationships have contributed to strong revenue growth in this market. In FY23 we focused on converting fixed term business to subscriptions, driving benefits for customers and clients. Looking ahead, we are focused on bringing the best of our campaigning and retention expertise to D&G's EU markets.

FY23 progress

- We have extended the Radio Popular contract to June 2030
- Strong cross sales performance
- Strong subscription sales growth, replicating our successful UK model

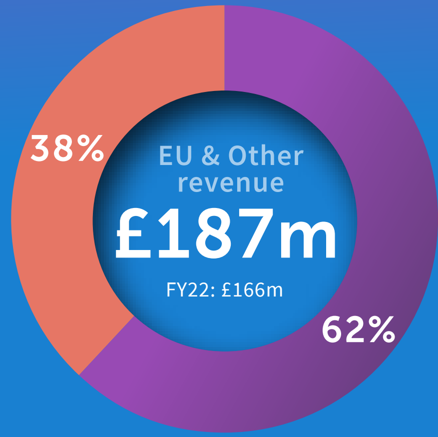
Future progress

Short term

- Continue driving subscription penetration in key markets
- Leverage investment in global product capability (particularly embedded insurance solutions for e-commerce and campaigning)
- Identify opportunities across pricing, campaigning and digital to drive growth and margin

Medium term

- Improve OEM digital platforms to increase registration growth
- Embedded solutions in the connected appliance space
- Identify new partner opportunities across retail, e-tail and OEMs



Subscription (FY22: 57%)

Non-subscription (FY22: 43%)

1.6m
Subscription customers

+23%
Subscription revenue growth

US Growth

The US is still a relatively new market for us, having launched in September 2021 with Whirlpool, one of the leading US appliance manufacturers.

We are now 18 months into the US journey with operations and systems firmly established, and our product offering is gaining traction with the customers of our partner, Whirlpool. As at the end of March, we had over 60,000 US subscription customers, generating £6m of revenue.

It remains early days in the US, however we have seen positive customer appetite with regards to our propositions, giving further impetus for growth in the future with additional clients.

We remain committed to our strategic vision and are confident that our efforts will drive long-term success and create value for our stakeholders.

FY23 progress

- In June 2023, we completed the acquisition of After Inc, providing an accelerated opportunity to improve market share and grow at pace in the US
- We now have in place a modern and highly scalable technology stack and access to a national repair network
- Continued scaling of key registration channels through customer journey development
- Telephone registration sales conversion ahead of expectations
- Successfully launched Point-of-Need (‘PoN’) channels with our key partner Whirlpool

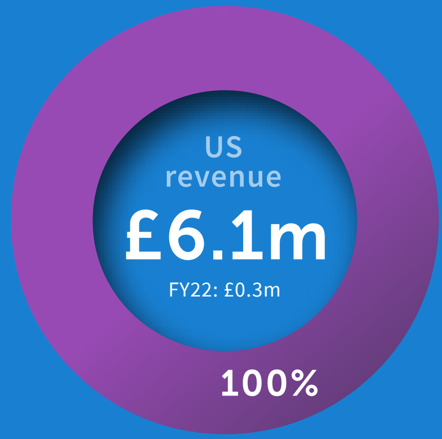
Future progress

Short term

- Scale registrations and PoN solutions aiming to replicate UK performance
- Further growth by implementing cross sales and retention programmes
- Continue to develop customer journeys in key channels
- Successfully integrate After Inc into our US operations

Medium term

- Actively progressing a pipeline of new prospects and potential acquisitions, ‘client 2’
- Extend scope of operations and launch new channels



Subscription
(FY22: 100%)

0.1m
Subscription customers

+£5.8m
Subscription revenue growth

Building a scalable business

Building a scalable digital business with improved customer experiences

- Global operating model
- Effective base technology which enables scalability
- Delivering great customer and partner experience
- Cost control discipline
- High performing team and culture

The technology strategy continues to focus on accelerating digitisation at the core of the business through increased adoption of Amazon Cloud Services and a focus on plug and play scalable components.

Global operating model

Product and technology teams operate as one global team building common solutions for the Group. The Product team is organised as 3 global multi-disciplinary product teams: D&G Experience, Client and Service Excellence. We refer to these teams as 'tribes' to help improve collaboration and enthusiasm.

Effective technology for scalability

The On-Line Registration ('OLR') platform, which has quickly evolved to a global standard continues to demonstrate impressive conversion results for clients.

As our product tribes work hard to reimagine customer journeys, the technology teams have started building out our next-generation Warranty-in-a-Box ('WIB') platform. This will be a cloud based platform that enables us to remain competitive and scale easily.

We have also moved to a new cloud based financial system, designed to assist with the Group's IFRS 17 implementation. Once these solutions are live, all our non-customer facing applications will be entirely run on cloud or Software as a Service ('SaaS'). Security has also been strengthened significantly, having implemented a suite of industry-leading security solutions.

FY24 continues this journey with increased focus on using and embedding the security solutions we have already.

Cost control discipline

We are focused on building to an aligned standard, to help with both cost and efficiencies. It will enable us to eventually retire our expensive legacy estate and makes us more agile for future expansion.

Delivering great customer and partner experiences

The number of D&G.com users has continued to grow with 5.3m users (FY22: 4.5m), as more of our customers utilise our digital solutions. In addition, MyAccount users have grown by 26% with more of our customers completing their claims experience online. We continue to see good progress on our digital journey with 86% of our customers having completed product replacements online and 1 in every 3 of customer repairs being booked online.

The team have improved the customer claims experience, implementing features such as the ability to pay the excess online, improved calendar booking experience and an improved handling of the overall customer journey.

Increase in My Account visits

26%

Product replacement online

86%

FY22: 83%

Customers booked their repair online

1/3

FY22: 1/3

Product and data driven **sustainable growth**

D&G is continuing an ambitious data led strategy to make our data an asset that will create significant enterprise growth and customer value.

We will do this by creating a multi-source proprietary cloud-based data lake, and harnessing the power of machine learning models and smart analytics to unlock valuable customer-centric insights.

Driving value and growth from data

Current state

We have access to 1bn+ data points from a variety of sources. Examples of the richness of data include several years of data on appliance replacement, customer calls, call centre activity, price offers and eligible contacts. This allows us to understand our customers at a deeper level.

Whilst we leverage this data to enhance customer outcomes, we are currently working on ways to obtain valuable insights from these data points in a more efficient manner by leveraging cloud technology and machine learning algorithms.

FY23 progress

We have already started progressing this agenda:

- We have defined the three key pillars of this strategy: a) A proprietary multi-source Amazon Web Services ('AWS') data lake b) Advanced models to predict key business outcomes and c) Data-driven strategies to unlock insights and drive outcomes
- We have created our first value-based UK customer segmentation; teams are currently working on incorporating this segmentation into various strategies such as customer level pricing and retention
- We have created data-driven tribes to focus on key business outcomes such as Campaigning, Retention, Pricing Optimisation and Service Enhancement
- We currently deploy 20+ predictive models supporting 10m+ pricing/campaigning optimisation decisions

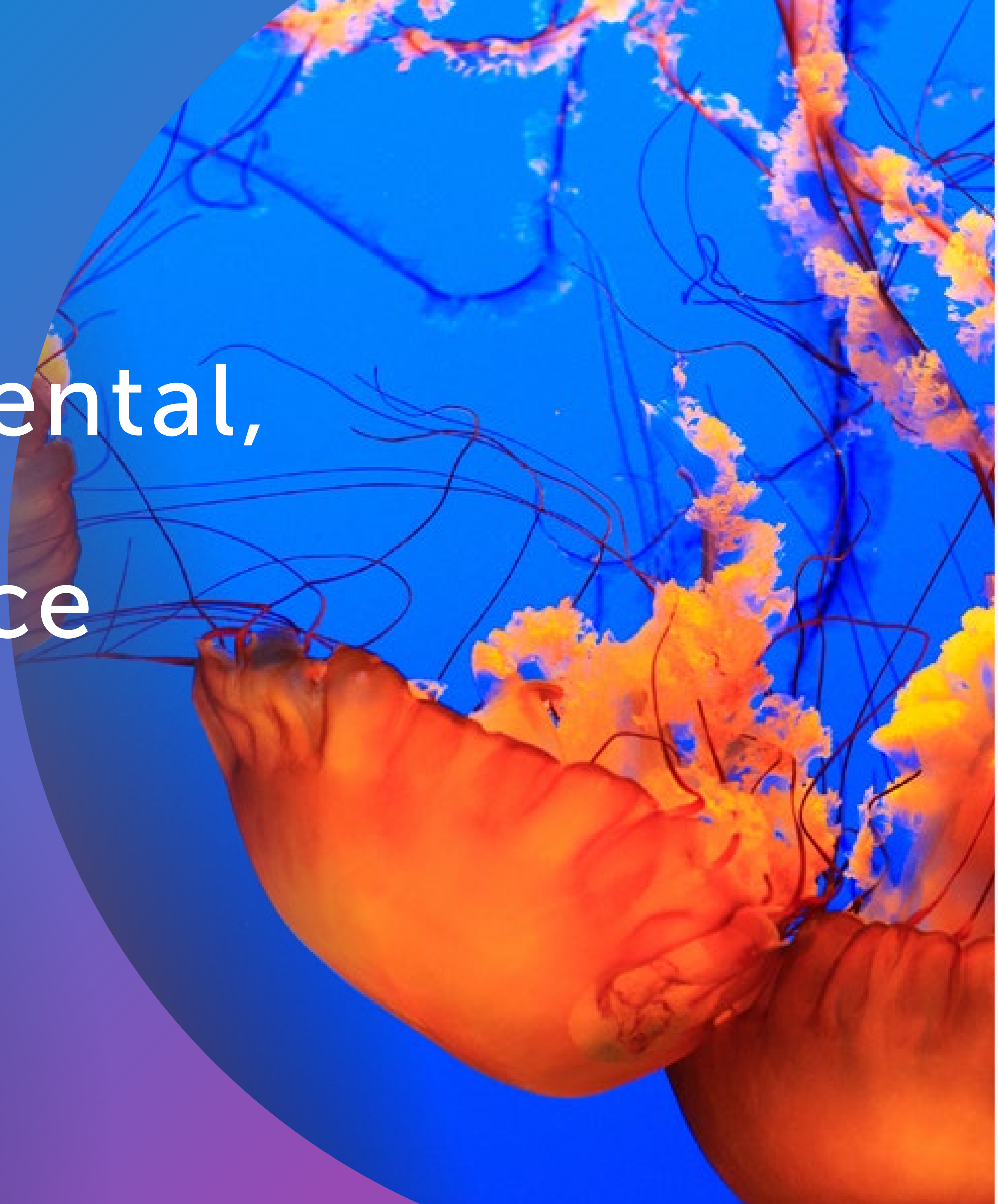
Future progress

Over the next few years we aim to have:

- The majority of our data in the AWS data lake with no legacy platforms left behind; once ready we believe we will have over 2bn data points in our proprietary data lake
- Aligned technology, tooling and training across the whole business with our internal staff able to self-serve their basic data needs which will enable them to serve our customers better
- 100+ predictive models across pricing, campaigning, operations, underwriting etc

We have created **data-driven tribes to focus on key business outcomes**

Environmental, social and governance



We continue to embed sustainability ambitions into our business and culture, to deliver on our purpose to make the world a better place, one repair at a time.

We are working across our value chain with our partners and suppliers to ensure that we are well positioned to adapt our operations for a more sustainable future.

We continue to monitor and work towards mitigating the environmental and social risks we face, ensuring that our customers continue to receive uninterrupted service. Our 'repair first' ethos continues to drive sustainable outcomes and helps to contribute to the circular economy. We recognise that our prominant position in the sector gives us the credibility and capability to be an agent for change. We are actively investigating ways to leverage the unique opportunities we have as a business, to support our partners with their transition to a net zero future.

FY23 has been an exciting and ambitious year at D&G as we have broadened our sustainability ambitions and have engaged with both internal and external stakeholders on this important topic. For example, we have calculated our first groupwide carbon footprint for scope 1, 2 and 3 emissions and are making progress using this baseline to set ourselves future targets and to develop a groupwide decarbonisation roadmap. Our Sustainability Committee is fully established and is focused on improving our ESG performance by setting ambitious targets, assessing and mitigating climate-related risks. We have also engaged a wide range of internal and external stakeholders as part of our first materiality assessment, to determine the environmental, social and governance topics which our stakeholders think impact us most. We are using the results of this exercise to reaffirm our focus areas for the short and medium term.

FY23 Highlights

Extending the life of appliances by helping our customers repair

Our 'repair first' ethos promotes repair, avoiding items going to landfill prematurely and the environmental cost of manufacturing new or similar products. In FY23 our network carried out 2.5m repairs.

Helping our customers make sustainable choices

The D&G blog (domesticandgeneral.com/blog) continues to offer a collection of practical household advice from our in-house experts on how to maintain your appliances, save money and save the planet at home.

Supporting our employees to be happy at work

Our employees are key to our success, we are committed to ensuring all employees are happy and healthy at work. This includes our employee assistance program, and access to an online portal that provides free support and advice to support health and wellbeing.

We launched a partnership with Women in Data

We have partnered with Women In Data®, providing the opportunity to showcase our diverse talent and collaborate with a fantastic community. This provides a platform that allows professionals at all levels to share their knowledge and experience, while working alongside businesses to help them embrace and develop the enormous advantages generated by diversity.

Collaborating with companies across the globe

D&G are proud members of the UN Global Compact Network, the world's largest corporate sustainability initiative. In our latest 'Communication on Progress' we provided an update on our commitments, initiatives and measures of progress against several of the ten principles of the Compact. A short summary of what we covered is below:

- **Human rights:** the training we provide employees on relevant topics and the proportion of suppliers who have modern slavery statements
- **Labour principles:** our commitment to flexible working, the diversity and inclusion ('D&I') initiatives underway and an update on our gender pay gap performance
- **Environmental principles:** external sustainability assessments undertaken, an update on our key partnerships with the ReUse network (a charity which supports reuse charities across the UK to help them alleviate poverty, reduce waste and tackle climate change) and our partnership with onHand (a social impact platform that enables employee volunteering)
- **Anti-corruption principles:** a short overview of our 'three lines of defence' model and the processes we have in place to detect and prevent financial crime

*** Carbon Dioxide equivalent**

IN PARTNERSHIP WITH

onHand

1,324
Missions completed

70 Tonnes
CO_2e* have been saved

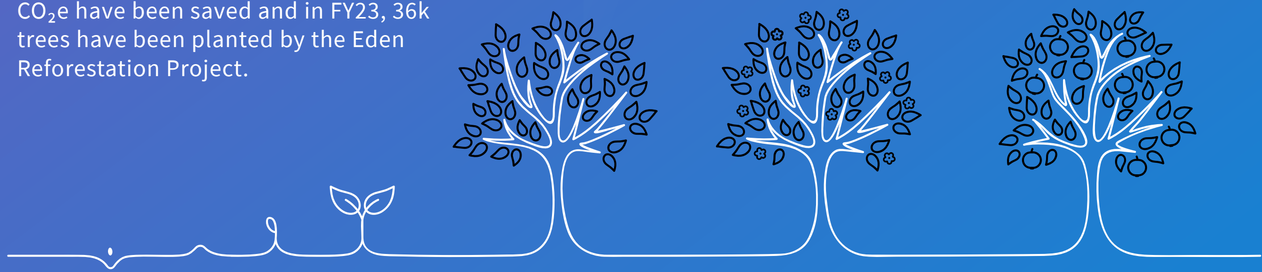
36k
trees planted

Enabling our employees to contribute to their communities

In July 2022, D&G partnered with onHand, a volunteering platform linking D&G employees with volunteering opportunities in their local area, such as food shopping for the vulnerable, youth mentoring, litter picks, donating to food banks and more. onHand is flexible and fits within our day-to-day routines and includes missions involving sustainable swaps and pledges that can be completed from your own home. Over 250 D&G employees have signed up to volunteer. 1,324 missions have been completed, 70 tonnes of CO_2e have been saved and in FY23, 36k trees have been planted by the Eden Reforestation Project.

Providing excellent service with less environmental impact

We have been trialling a 'soft fix' model to empower and enable our customers to complete simple repairs themselves, via coaching from specially trained contact centre agents. The upskilling of customers to diagnose and perform simple repairs prevents future visits and avoids unnecessary engineer journeys and indirect carbon emissions.



Our sustainability ambitions

Looking forward to FY24

Looking forward, we will be using the insight gained from our FY23 activities to re-confirm focus areas and supporting initiatives, to set ourselves targets and enhance our regular monitoring and oversight of our ESG journey. Below is a summary of our focus areas for the next financial year:

Enhancing our customer proposition

Measuring our impact: We are exploring ways to measure the environmental impact of the service we provide. In 2024 we plan to develop a methodology and identify appropriate data points to calculate the 'avoided emissions' for a sample of the items we protect.

Enhancing the proposition: We are investigating how to increase the proportion of customers who choose to recycle those appliances we cannot repair.

Engaging with customers and clients: We will continue to leverage the unique opportunities we have as a business to support customers and partners to reduce their environmental impacts. We believe that through collaboration with our partners we can increase the pace and scale of positive change.

Setting targets and improving ESG reporting

Setting science-based targets: We are in the early stages of setting emissions reduction targets which are science-based and demonstrate our commitment to a net zero future. We aim to submit these targets to the Science Based Targets initiative ('SBTi') in 2024.

Developing a decarbonisation roadmap: Using our improved understanding of our emissions categories, we are building an actionable decarbonisation roadmap in line with the targets we set.

Enhancing ESG reporting: As well as additional reporting on carbon associated with the setting of emissions reduction targets, we are also developing a roadmap of other ESG reporting enhancements to provide greater visibility of our progress on material environmental, social and governance topics.

Strengthening our responsible business practices

Supporting our communities: Following early successes we are expanding access to the onHand volunteering app to all UK staff members.

Strengthening governance on human rights, ethical labour practices and working conditions: Delivering on our commitments as a member of the UN Global Compact, we are strengthening controls on working practices. We will undertake deeper due diligence to identify, mitigate and manage risks within our control and within our supply chains and repair networks. Any new risks identified will be integrated into our risk management framework for ongoing management. We envisage developing additional training and guidance on these topics to support our colleagues.

Our carbon footprint results

During FY23 we took the first significant step in our decarbonisation journey, completing D&G's first groupwide emissions assessment, performed in line with the requirements of the Green House Gas ('GHG') Protocol. The assessment used data from the reporting year April 2021 to March 2022. The outcome of the assessment provided D&G with a carbon footprint calculation for scope 1 (emissions from sources that we own or control directly), scope 2 (indirect from purchase or use of energy) and scope 3 emissions (indirectly responsible for throughout our value chain). This additional voluntary groupwide assessment was calculated in line with our UK specific SECR reporting requirements on page 51. This is included for an illustrative view on our Group emissions. From FY24 onwards we aim to report on the groupwide emissions within our SECR reporting framework.

Given the nature of our business model, the vast majority of our emissions sit within scope 3. A screening assessment of our scope 3 emissions was undertaken using expenditure data for the reporting year to provide an indicative overview of where our scope 3 emissions hotspots, primarily being our emissions from our OEM repair network. The GHG Protocol scope 3 emissions categories material to D&G and included within the assessment are identified in the chart below. Emissions from investments have been excluded from this baseline as the methodology for estimating emissions for this category is in development. Emissions factors for scope 3 emissions were calculated using the World Resources Institute ('WRI') scope 3 evaluator tool.

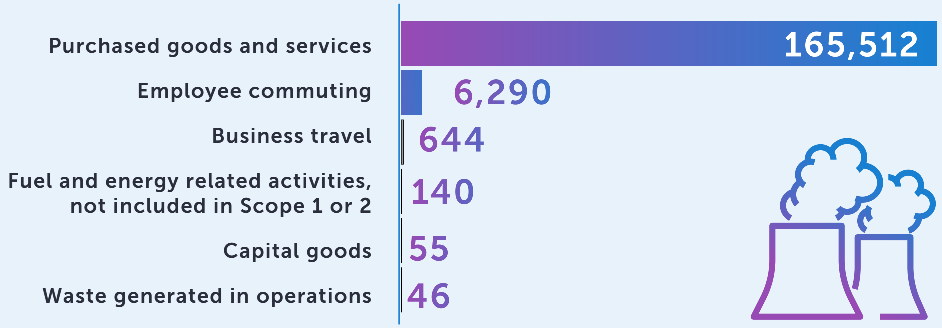
While we have started to explore decarbonisation of our own operations, going forward the majority of our focus will be on collaborating with suppliers to determine the material decarbonisation levers available to D&G.

Next steps

This work will provide the foundation for our ambition to set science-based targets ('SBTs') in the future. We shall continue to improve our GHG inventory data and build capability in this area. This will include improving our primary data collection in order to monitor and report on our carbon footprint more regularly and when necessary, re-baseline our GHG emissions in alignment with business growth or structural changes to the business. Over time, we will look to implement increasingly robust approaches to estimating our most material emissions categories (e.g. scope 3, purchased goods and services) for example, by using activity based data where available, to more accurately estimate emissions and the impact of our interventions.

Scope[1]	tCO_2e
Scope 1: emitted directly from sources owned or controlled (natural gas, refrigerants)	152
Scope 2: emitted indirectly from the generation of purchased energy such as electricity, district heating and cooling (Market Based[2])	783
Scope 2: emitted indirectly from the generation of purchased energy such as electricity, district heating and cooling (Location Based[3])	510
Scope 3: all other indirect emissions from the value chain, purchase of goods and services, both upstream and downstream such as sourcing and use of sold products etc.	172,687
Out of scope (biogenic) emissions[4]	2.52

Scope 3 emissions breakdown (tCO_2e)



1 Financed emissions associated with our investment portfolio are excluded from the above emissions.
2 A market-based method reflects emissions from electricity that D&G has used.
3 A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).
4 Biogenic emission sources are emissions that come from natural sources.

Climate-related Financial Disclosures

The Group is developing plans to meet the requirements of new climate-related regulations for our year ending 31 March 2024.

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ('the Regulations') were enacted in early 2022 and place requirements on certain large private companies (including the Company) to include Task Force on Climate-Related Financial Disclosures ('TCFD') aligned climate disclosures in their annual reporting, effective for our financial year ending 31 March 2024. The following sections set out the progress we have made against the four pillars of the TCFD framework (Governance, Strategy, Risk Management and Metrics and Targets).

Aligning to our purpose, to make the world a better place one repair at a time, we are strengthening efforts to target and reduce our global carbon footprint.

As society transitions towards net zero we are working to position the business for any climate-related opportunities and to mitigate the climate-related risks we may face. This will help to ensure D&G continues to be operationally and financially resilient in a world undergoing transition. We are actively working with our partners and customers to both adapt to and mitigate the impacts of climate change and increase the circularity of global resources.

Governance

The Sustainability Committee has responsibility to govern groupwide climate-related risks and opportunities. The Sustainability Committee will escalate to the Group Board as part of its regular updates any risks and opportunities which are deemed to have an impact on the Group's strategy, business forecasting or risk management. Climate-related risks are on the agenda of the monthly Group Risk Committee ('GRC') and although these are not deemed to be principal risks for the organisation at this stage, they remain part of the D&G risk portfolio and are monitored for both physical and transition risks.

An overview of the Group's risk management framework and how climate change risks are managed and mitigated is included within the risk management section on page 74.

Climate change risk is managed and monitored by D&G as follows:

- The Board reviews the Group's climate change risk assessment biannually, as part of the refresh of the Group's risk profile across its principal risks. The outcome of this review will inform our future business planning
- The Group Investment Committee reviews the investment criteria including ESG related criteria for securities and issuers
- The Group Risk Committee oversees and ensures compliance with regulatory requirements, including prudential regulatory expectations regarding climate change risk management
- The Product & Pricing Committee is responsible for evaluating climate-related risks inherent to D&G's new and existing products and developing appropriate responses to mitigate significant exposures
- The CFO holds the Prescribed Responsibility for 'Financial Risks from Climate Change' (under the PRA and FCA's Senior Manager & Certification Regime), and members of the DGLG are responsible for specific climate change-related risks
- The Chief Risk Officer is responsible for ensuring D&G's regulated entities meet local regulatory expectations and manage the Group's risks including climate change-related risks

Strategy

We are committed to maximising opportunities for D&G, our partners, our customers and wider stakeholders to mitigate the impacts of climate change, by supporting the global shift to circular and net zero economies. We are making progress in setting SBTs and have started the associated modelling with the aim of setting ambitious but achievable targets. D&G can mitigate climate change risks by improving how we operate and influencing our value chains to join us on the journey. In addition, we believe we have the opportunity to innovate and adapt our core customer value proposition, to help customers who face physical climate event challenges ahead.

Risk Management

Climate change-related risks can be defined into three sub-risks:

- **Physical risk** - the increasing severity and frequency of extreme climate change-related weather events and longer-term gradual shifts in weather;
- **Transition risk** - changes to market dynamics driven by the process of adjustment to a low-carbon economy; and
- **Liability risk** – relates to litigation against parties for losses caused by physical or transition risks.

At this point, the Group has determined that climate change risks are not a principal risk, however a short summary of this risk is detailed within the risk management section on page 74.

We acknowledge we have more progress to make integrating climate risks and opportunities into our broader business strategic planning processes, including performing quantitative impact assessments based on potential future climate scenarios. However, we have made good progress integrating climate-related scenarios and stress tests of our business plan within the annual D&G Own Risk and Solvency Assessment ('ORSA') process. The ORSA estimates the regulated Group's future solvency position, evaluates its current risk profile and then considers how both the risk profile and solvency position may change in the near future. However, we acknowledge that further work is required on how climate-related risk and opportunities will affect the D&G risk and solvency position in the short, medium and long term.

We will need to work collaboratively with our partners and stakeholders to advocate for global change and take collective mitigating actions. We will aim to review our climate-related risks throughout our global operations and supply chains.

To provide transparency and enhance climate action, D&G have integrated climate-related risks into our overall risk management framework. D&G continue to drive improvement and strengthen the organisation's risk portfolio to ensure it is robust, comprehensive and core to our strategic initiatives. We are taking steps to further address climate-related risks more formally within our risk procedures including our investment decisions and our annual ORSA process and will look to broaden our climate-related considerations further as we progress on our ESG journey.

Metrics and Targets

We are making progress with our ambition to set SBTs for scope 1, 2 and 3 emissions. In the future, we aim to submit our emissions reduction targets to the Science Based Targets initiative ('SBTi') for validation, to ensure that our climate ambitions are robust and aligned to limiting global warming to 1.5°C. We have also expanded on our disclosure of emissions since FY22 by broadening our carbon reporting to cover groupwide emissions in the relevant categories across scope 1, 2 and 3 (see page 45). We are focused on enhancing our broader ESG reporting and disclosures and have initiatives underway to support this.

Streamlined Energy and Carbon Reporting ('SECR')

Both Domestic & General Services Limited ('DGS') and Domestic & General Insurance plc ('DGI'), being large UK entities within the Group, meet SECR criteria and are mandated to meet the requirements as set out in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Both DGS and DGI operate out of the same UK facilities, the results shown represent the total UK business.

Reason for change in emissions

Our emissions from gas increased in FY23 due to the full year impact of our staff returning to our Wimbledon office, following the completion of the fit out in August 2021. Alongside this the UK experienced its hottest summer in 2022, resulting in increased use of our gas chiller system. Scope 2 emissions declined in FY23 as we closed unused floor space in key locations resulting in reduced lighting and power usage, in addition to more efficient energy usage in the year. As expected, scope 3 emissions relating to business travel increased in FY23 with the full relaxation of national lockdowns towards the end of FY22. However, total emissions remain well below pre-COVID-19 levels, with ambitions to further improve on our FY23 emissions in FY24 when we will be in our new more energy efficient Nottingham office.

Methodology

The report follows the SECR guidance and the GHG Protocol - Corporate Accounting and Reporting Standard as the accepted methodology to meet the mandatory requirements. No additional operational elements have been included at this stage. In combination with this, information gathered for the fulfilment of Energy Savings Opportunity Scheme ('ESOS') has been used. The UK Government's Greenhouse conversion factors have been used to calculate the carbon emissions. The following table demonstrates the GHG Emissions and Energy Usage Data for this financial year and the prior year.

Intensity measurement

DGS and DGI have chosen tonnes of gross CO_2e per total £m revenue as the reported SECR intensity metric. This is a relevant and common business metric and will serve as a consistent comparative for reporting purposes going forward.

GHG emissions & energy use data	FY23	FY22
Energy consumption used to calculate emissions: /kWh	2.17m	1.89m
Emissions from combustion of gas tCO_2e (Scope 1)	93	46
Emissions from combustion of fuel for transport tCO_2e (Scope 1)	0	0
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	275	323
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel tCO_2e (Scope 3)	59	28
Total gross tCO_2e based on above	427	397
Intensity ratio: gross tCO_2e per £1,000,000 revenue	0.5	0.5

DGS and DGI are the only entities included above as they are the only entities meeting the thresholds. Other entities within the Group have been excluded as they do not meet the criteria on their own merit.

Stakeholder engagement

The Directors recognise that the success of the Group depends on its ability to engage effectively with all stakeholders and by taking their views into account.

We report here on how our Directors have performed their duty under Section 172(1) ('s.172') of the Companies Act 2006

In taking decisions, the Directors carefully consider the balance of interests of the stakeholders who might be affected. The Board and its committees discuss stakeholders and their interests during the cycle of Board meetings. The Board annually reviews all of the Group's key stakeholder groups, looking at material issues of interest to them and assessing how as an organisation the Group engages with those stakeholders.

Investors (Equity and Bond)

Their interests

- Performance of the business
- Customer and client experience
- Return on investment

How we engage

- Meetings
- Investor relations website
- Stock Exchange announcements
- Bondholder telephone calls
- Press releases

How the Board engage

- Investor Directors form part of the Group Board and continually engage with Executives
- Financial result calls
- Annual Report & Accounts

Regulatory Bodies

Their interests

- Consumer protection
- Compliance
- Data privacy
- Regulatory capital
- Risk management

How we engage

- Regular engagement by telephone and email
- Returns of information
- Stock Exchange announcements
- Joint initiatives such as on fighting Financial Crime

How the Board engage

- Regular Board updates via the Audit & Risk Committee
- PRA interviews with Board members
- Regular reports from across the business on regulatory matters

Our Clients

Their interests

- Keeping critical business systems running
- Collaboration
- Fair terms
- Service
- Technology

How we engage

- Dedicated client relationship executives
- Meetings
- Training

How the Board engage

- Engagement with the leadership group
- Board oversight and approval of key negotiations
- Focused discussion on promoting and protecting the interests of clients

Our People

Their interests
- Health and safety
- Development and training
- Diversity and inclusion
- Communication and engagement
- Flexible working

How we engage
- Digitally enabled two-way communications via our 'MyD&G' intranet
- Training
- Wellbeing initiatives
- Town halls and engagement events
- Employee recognition – end of year awards
- Employee affinity and network
- Supporting flexible working practices
- Employee surveys

How the Board engage
- Group communications from the CEO
- Monthly and quarterly business updates delivered by the CEO which include topics discussed by the Board
- Regular HR updates at Board meetings
- The statement of engagement with employees can be found on page 92

Our Customers

Their interests
- Reliability and accessibility of service
- Fair treatment including pricing
- High quality products
- Resolution of complaints
- Confidentiality of data
- Customer engagement

How we engage
- Customer surveys and research
- Omni-channel (digital and contact centre)
- Customer journey communications
- Direct marketing
- Complaints resolution
- Social media and other digital channels

How the Board engage
- Ongoing assessment of customer requirements
- Engagement in projects that focus on safeguarding the interests of customers
- Board updates from governance committees
- Press releases
- Annual Report & Accounts

Community, Environment, Central and local government

Their interests
- Openness and transparency
- Compliant with legislation
- Sustainability
- Environment
- Energy use
- Community

How we engage
- Company website
- Philanthropic initiatives (Charity Committee, Charity Champions, Give As You Earn)
- Energy Savings Opportunity Scheme ('ESOS') compliance
- Transformation to e-docs

How the Board engage
- Annual Report & Accounts
- Annual Tax Strategy Statement
- Gender pay gap reporting
- Modern Slavery Statement
- Charitable initiatives discussed and reported at Board meetings

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Group for the benefit of its stakeholders as a whole, whilst also having due regard to their duties as set out in the Companies (Jersey) Law 1991 as well as matters set out in Section 172(1)(a) to (f) of the Companies Act 2006 ('Section 172(1)') as applicable to the UK entities within the Group.

s172 item	Relevant disclosure(s)
a) the likely consequences of any decision in the long term	• Our purpose (page 1) • Business model (page 27) • Our core pillars (page 29) • Our strategy (page 33)
b) the interests of the company's employees	• Non-financial reporting (page 6 and 28) • Our people (page 63) • Diversity & Inclusion (page 67)
c) the need to foster the company's business relationships with suppliers, customers and others	• Our strategy: building a scalable digital business with improved customer experiences (page 39) • Our customers (page 56) • Our partners (page 59) • Human rights and modern slavery (page 46) • Supplier payment policy (page 93)
d) the impact of the company's operations on the community and the environment	• Our strategy: product & data driven sustainable growth (page 41) • Environmental, Social, and Governance (page 44) • Streamlined Energy and Carbon Reporting (page 51) • Our Sustainability Committee (page 80 and 90) • Climate-related financial disclosures (page 49) • onHand partnership (page 46)
e) the desirability of the company maintaining a reputation for high standards of business conduct	• Solid track record (page 3 and 12) • Culture (page 64) • Awards (page 66)
f) the need to act fairly as between members of the company	• Rights attached to shares (note 27 of the financial statements)

Our customers

Our proposition to customers is simple – we support them in their home appliance ecosystem when something goes wrong.

This ethos is a central tenet of our business and brand, while our operating model and partnerships with other brands and network providers enable us to deliver for our customers when they need us most. We resolve appliance breakdowns quickly and to a standard that inspires confidence by our customers. We also always listen to customers – using their feedback to enhance our products, services and end-to-end experience.

Who are our customers?

We have performed a customer segmentation in our UK market, the results of which highlights that we have a broad customer base covering all demographics. In the UK, we have five key customer groups that buy appliance protection and we engage with them to understand their needs. When something goes wrong, we are there to organise a repair or replacement as quickly and efficiently as possible.

Newcomer

50% of our customers
1.2 plans per customer
4 years tenure

Faithful

20% of our customers
1.5 plans per customer
7 years tenure

Enthusiast

20% of our customers
2.4 plans per customer
7 years tenure

Champion

9% of our customers
4.0 plans per customer
9 years tenure

Professional landlord

1% of our customers
6.0 plans per customer
8 years tenure

D&G plays a vital role in our customers' lives

D&G products and experience are built to meet customers' needs. Peace of mind continues to be the main reason for customers purchasing our products – and this comes through consistently in our research, customer panels and customer satisfaction surveys.

Providing a duty of care to our customers – especially those that need us the most

The recent Consumer Duty regulation passed down by the FCA has prompted financial institutions to put more of a customer lens on their operation. This has always been an area of focus for D&G. However, the regulation has enabled us to re-examine our approaches – especially the specific needs of our vulnerable customers – and to re-orientate the organisation around these.

Specifically for our most vulnerable customers, we are changing the narrative internally – moving away from thinking about customers who are 'vulnerable' to focusing on the 'care needs' that a customer requires from us throughout their journey with D&G.

A large amount of the work we are doing to support the Consumer Duty regulation is enabling customers and agents to record care needs; to align this information across various IT systems; to train our agents and colleagues in what care needs are; and to work with our partners to ensure that these needs are catered for in their repair interactions with customers.

Our customer expectations are always changing - and we are not standing still

Our customer value proposition continues to provide high levels of satisfaction and loyalty – and we are constantly evolving our proposition set; the client offerings we can provide; our experience; as well as the digital solutions that we provide to customers when they need to engage with us.

Our products provide:

- Simple, no quibble claims experience through our dedicated helpline or online repair booking system
- Unlimited repairs and parts by manufacturer engineers
- A like-for-like replacement if the appliance cannot be fixed
- Maintenance support and troubleshooting to keep appliances running smoothly

And we are listening to our customers' feedback...and acting upon it!

Our D&G Voices customer feedback system allows us to measure, analyse and act upon customer feedback - and challenge ourselves on whether the experience we are providing to customers could be improved. Through in-depth, ongoing analysis of satisfaction metrics and customer commentary we can identify and act on improvements required. Our data scientists can use this customer feedback alongside operational data to help identify where we need to intervene proactively to support customers and resolve emerging issues.

Claims approval rate

99%

FY22: 99%

Our partners

Highly effective subscription model based on mutually beneficial partner relationships

We have built exclusive, deep and long-term contractual relationships with our OEM, retail and affinity partners by delivering significant value to our partners through mutually beneficial relationships.

We are a data and technology specialist making us unique in our capability as one of the market leading appliance insurers. We offer comprehensive coverage and some of the best service experience on the market, leading to high retention and enabling us to add additional value to our partners as we grow our subscription base. We have a 'Grow, Retain and Win' strategy. We continue to grow through sustainable profitable business with our partners and continue to win new prospects to deliver our growth ambitions and open new sectors and channels. Importantly, we also deliver incremental financial value as well as scale benefits through higher volumes for our OEM partners' repair networks. We are the chosen partner of UK OEMs who represent 95% of sales in the white goods segment (one of several segments within which we operate). Our largest ten UK partners by FY23 sales have an average tenure of 24 years and an average remaining contract length of 3 years, showing that they value our partnership.

These long-term relationships deliver significant advantages, including access to high-quality OEM repair networks and a unique omni-channel distribution model. Access to several of the OEM repair networks is fully digitally enabled, allowing for a seamless customer repair booking process.

Mutually beneficial

Average tenure 24 years[1]

Highly differentiated and value-adding service proposition creates strong partnerships

+

Allows D&G to maintain customer relationships for renewal

=

Exclusive, mutually beneficial and long-term partnerships

1 Based on our largest ten UK partners by FY23 sales

	OEMs	Retailers/ Affinity partners
+20 Years of D&G support	Whirlpool, BOSCH, beko, BAXI, HOOVER, Electrolux, Miele, Candy, Indesit, LG, Dimplex	sky, MEDIMAX
5-20 Years of D&G support	Vaillant, Lec Pure Refrigeration, Worcester Bosch Group, mira	Electro Depot, euronics, GAME, ao, Argos, Radio Popular, worten
Recent partner wins <5 Years of D&G support	Panasonic, ideal Boilers	John Lewis, EDF, fnac, unieuro, ScottishPower

Our network

D&G is delighted to continue its successful partnership with Sky UK and during the year we extended our proposition to include Sky's exciting new viewing platform 'Sky Glass', whilst at the same time extending our partnership agreement for a further 5 years.

Working in partnership, we agreed and launched a broad range of campaigning activities that offers customers the option to protect Sky Glass. We have extended our Sky Welcome call activity to include new Glass customers and also Sky Stream customers, so that all customer types within Sky are welcomed to Sky's services by D&G.

With Sky we have agreed further plans for Sky Glass customers extending throughout the new financial year, which will include customers being able to self-select protection during any new set up processes, online, in their retail estate and via the Sky voice estate. Additionally we have a new point-of-need Sky Glass solution, for customers who are either coming out of their standard warranty period, or have suffered accidental damage within a warranty and need support.

The partnership is seeing a positive customer response to the Sky Glass offering and we plan to couple this with further exciting proposition launches in the future.

"We have a strong roster of long-lasting and sustainable partnerships, and I am pleased to confirm that in the last year we have extended a number of these partnerships"

Matthew Crummack, CEO

Our partnership with Radio Popular has been extended until 2030, a commercial relationship of more than 13 years, continuing to offer Portuguese consumers protection solutions for their purchases at Radio Popular.

This step is a sign of the trust and commitment of one of our main partners to continue to jointly promote the business of distributing insurance for electronic devices and household appliances through the subscription model.

Radio Popular is one of the leading retail brands in the consumer electronics area in Portugal with a strong online presence, being one of the first retailers to include its product portfolio in the digital channel. The focus of this partnership over the coming years will be not only on a purely commercial level but also, and more importantly, on creating a unique ecosystem and customer experience in the market.

The challenges will revolve around four fundamental axes, being:

- expanding the model of insurance underwriting, which began 10 years ago, but which is a business model in constant evolution and adaptation in terms of channels, processes and products;
- innovation through new insurance products, above all focused on providing a global and unique solution for the customer's entire home;
- further developing D&G tools to support the client in stores with D&G awareness and expertise, and most importantly;
- an ambitious plan to make the end customer the true pivot of the alliance, to improve their experience from the moment they take out the insurance policy to its use and to identify all the demands that a satisfied consumer should expect.

Whirlpool continues to deliver growth and in the last year achieved the landmark of over 2 million appliances protected.

Underpinned by the consistent performance of the UK business, customers continue to see value in our protection plans and the associated service provided.

Our ever-improving relationship with Whirlpool US saw several new channels launched and conversion rates, via core acquisition channels, ahead of target. New channels are under investigation with anticipated future launch dates.

Increased resource, both locally and centrally, ensures our US opportunity has the focus required to deliver.

The Group's core European markets have seen double digit growth in both registrations and subscriptions, with the protection plans sold directly by Whirlpool significantly increasing year-on-year.

Our people

We are transforming to become a customer-focused, product-led business growing into a truly global organisation. Our people, through all levels of D&G, are vital to our ongoing growth and success.

We celebrate diversity, because different people, with different perspectives and talents, make for a better business. We give tailored support and training to our people throughout their time at D&G, allowing clear opportunities to develop and progress.

We are on a transformation journey to build an inclusive culture with speed and simplicity at its core.

Putting people at the **heart of what we do**

Our culture

Last year, we refreshed our mission with a clear strategy to focus on speed, simplicity and scale.

We are creating a culture that is built on agility: allowing us to adapt and pivot to the changing economic and competitor landscape and exploit the growth opportunities.

FOCUS 25

Speed. Simplicity. Scale.

We have always had a strong understanding of our values, with trust at our core, inclusivity and a relentless customer focus.

Our culture blueprint

purpose

Make the world a better place, one repair at a time

+

mission

Keeping your world running

+

values

Trust at our core

Relentless customer focus

Always inclusive

Courageous in what we do

Individually amazing, collectively brilliant

Our people strategy

Our people strategy is focused on empowering our people for the future, driving innovation and ensuring we are a digital-first business. We are transforming the way we work and building a flexible and digitally enabled culture to empower and develop our people and drive performance.

Our core ambitions

1. We are digital ambassadors
2. We are globally connected
3. We provide flexibility
4. We empower our people to fulfil their potential

Our core deliverables

Purpose, culture and engagement
Transforming how we work to create a culture of togetherness, flexibility and innovation.

Talent and attraction
Drive performance by attracting and retaining the right people.

Learning
Enabling our people to develop, grow and fulfil their potential.

Opening of our operations hub in Nottingham City Centre May 2023

Employee benefits and wellbeing

We have entered an exciting period of growth at D&G and must continue to attract and retain passionate and motivated people to help us shape our digital ambitions and deliver our strategy.

Our people have access to a personalised benefits portal, which offers employee discounts, a health plan, a contributory pension scheme, salary finance initiatives and discounted D&G protection plans.

Since 2021 we have been transforming our office spaces. Our headquarters in Wimbledon opened in FY22; we have recently opened a state-of-the-art operations hub in Nottingham City Centre and in Summer 2023 we will complete the refurbishment of our Bedworth site in the UK. The new sites provide more space for collaboration with employees, our local communities and our clients.

Since opening our refurbished Wimbledon space, we have hosted a number of events including Customer Awards; Employee Awards; a D&G Showcase for all our Employees; and a local 'Love Wimbledon' event for the local community.

Following our recent employee survey conducted in March 2023, D&G has been officially certified as a 'Great Place to Work' in the UK. 73% of our employees agreed that D&G 'is a great place to work'.

People deal

We know that we are individually amazing, collectively brilliant and trust is at our core. That is why we have set out clear expectations about how we work together to achieve more. Our people deal is about what D&G can do for our people and what we expect in return as we grow our business together and develop our culture. The people deal aligns to our values and hybrid way of working and outlines a comprehensive offering which provides our people with support in five key areas.

- **Hybrid working, flexibility and trust**
- **Company culture, inclusivity and innovation**
- **Wellbeing & reward, value and respect**
- **Diversity and inclusion, equality and representation**
- **Career development, empowerment and proactivity**

Hybrid working

Post COVID-19, we have implemented a progressive way of working, contributing to a strong workplace culture that is helping to drive both strategic progress, inclusivity and diversity of talent. We have moved to a model of 'everyday flexibility' which empowers our employees to choose whether to work from the office, from home or in a hybrid way. Employees are trusted to determine where they work supported with hybrid guidelines, enhanced technology and managers trained in leading remote teams. In 2022, we successfully introduced a 'work from anywhere' pilot policy for our UK employees to explore working from an alternative location.

Diversity & inclusion ('D&I')

We celebrate diversity and are working to create a truly inclusive, global organisation.

In 2022 we re-introduced our D&I networks, extending our Women's and Working Families networks to also include a Mental Health Network. These provide a safe space for our people to build connections, openly discuss challenges and identify opportunities to enhance inclusion across the business.

In 2022 we refreshed our Diversity & Inclusion and Menopause policies. We offered training to employees and managers to help them better understand the impacts of the menopause and how they can support their colleagues and each other in the workplace.

We celebrate many cultural events across the year to create awareness and promote learning of key celebrations that are important to our people.

We are a member of Change the Race Ratio that helps us to accelerate diversity in businesses through communication and continual progress.

Leadership Development

Our people are the most important asset to our business and we invest in them to support their progression and growth.

In 2022 we launched a new leadership programme designed to coach our talent in developing their leadership skills and drive our strategy. The programme is made up of four levels for new and aspiring leaders through to our senior strategic leaders and underpinned by a leadership framework to drive consistency in leadership development at D&G and encourage our people to strive to develop further within the business.

We offer a variety of different learning resources, including LinkedIn Learning for all employees, mentoring and apprenticeships for UK employees and, encourage in-role development.

Gender pay report

We released our Gender Pay Gap Report 2022 in March 2023. This year's report shows our progress in the area of women in senior leadership roles with a greater balance of representation across our Extended Leadership Team ('ELT'), globally.

Visit our [Investor Relations website]() for the full report.

Our people are the most important asset to our business **and we invest in them to support their progression and growth**

Risk management

Enterprise resilience, governance and prudent risk management

D&G risk vision

D&G applies a risk vision focusing on trusted and pro-active business partnering, robust and proportionate risk management approaches in the different territories and bringing the vision to life by embedding a strong risk culture. This risk vision is underpinned by our global operating model.

Governance

The Board sets and monitors adherence to the risk management framework and approves the Group's risk policies. The governance framework is supported by the following committees:

Audit & Risk Committee ('ARC')

A Board sub-committee charged with monitoring the integrity of financial statements and oversight of the execution of the risk management and internal control frameworks, including agreeing the risk appetite for Board ratification.

Refer to page 90 for members of the ARC

Group Risk Committee ('GRC')

A DGLG sub-committee responsible for monitoring adherence to risk appetite and changes to the risk profile and overseeing conduct and regulatory compliance against the principles and rules set out by the Group's regulators (including climate change risk). The committee meets every second month and is comprised of the DGLG including the CEO. Further representatives from the business are invited, as necessary.

Risk appetite

The Board has agreed a suite of qualitative and quantitative risk appetite statements relating to each of the key risk categories to articulate the amount of risk the Board is willing to accept in pursuit of its objectives. These statements are reviewed on an annual basis. Adherence to risk appetite is measured through a comprehensive suite of key risk indicators and risk assessments, designed to drive risk-aware decision-making. D&G operates the **'Three lines of defence'** model, comprised of:

1

Risk management is embedded within the first line of defence from a top-down perspective through the articulation and communication of the Board's risk appetite and from a bottom-up perspective through the operation of the risk and control registers.

Risk and control owners are clearly identified across the business and take responsibility for the risks in their areas.

2

The second line of defence includes the functions responsible for ongoing monitoring, advisory and facilitation of risk management and control activities, including data privacy, risk management and compliance, which report to the ARC and the GRC on a regular basis.

3

The Internal Audit function, which reports to the ARC as a Board sub-committee, is responsible for independent assurance over the efficiency and effectiveness of D&G's governance, risk management and internal control frameworks and processes.

A summary of the **principal risks** and **uncertainties** facing the Group is shown below:

Financial management

Context:

D&G needs to ensure that it has sufficient liquidity to meet its liabilities as they fall due – e.g. claims expenses, supplier invoices, salary payments, debt service – and provide capital to fund its growth and transformation programmes, including growth in the US market.

Risk definition:

The risk of failing to maintain access to sufficient sources of funding required to deliver strategic initiatives, meet the Group's financial obligations (including debt servicing) and satisfy Solvency II capital and liquidity requirements.

Risk management and mitigation

Detailed cash flow forecasts are prepared regularly to ensure liquidity requirements are identified and met, with additional buffers held for regulated entities (Domestic & General Insurance plc in the UK and Domestic & General Insurance Europe AG in Europe) to cope with hypothetical stresses. The Group has access to a revolving credit facility should it need additional short-term liquidity.

D&G regularly monitors its counterparties to reduce the risk of default. The preservation of capital is a key investment objective so investment strategy and associated asset classes are designed so as to reduce risk of a capital loss over the life of the asset. Investment strategy also includes consideration of ESG factors and is overseen by the Group Investment Committee. Specifically, regarding the ongoing heightened inflation/cost of living pressures, risk mitigations include:

- Inflation assumptions included in budgets
- Arrangements with clients and repairers which support stability in D&G's margins
- Approximately 3/4 of the Group's external debt carries a fixed rate of interest, which gives the Group protection against interest rate rises.

People

Context:

D&G's objectives are underpinned by its ability to attract, retain, safeguard and develop employees with the skills that are required to perform their responsibilities. D&G employs around 3,000 employees globally. The delivery of D&G's objectives is driven by its colleagues' skill, talent and behaviour.

Risk definition:

The risk that D&G does not attract, retain and develop talent required to deliver its strategic and operational objectives.

Risk management and mitigation

D&G has a value proposition of everyday flexibility and continues to regularly review its employees' wellbeing, engagement and adequacy of its skills and resourcing, including via:

- Recruitment and vetting policy
- Mandatory training programme for all employees
- Performance management processes
- Reward programme, overseen by D&G's Remuneration Committee
- Salary progression is managed through the existing remuneration governance
- Regular review of succession planning (refer to 'Our people' on page 63)
- Diversity and inclusion initiatives

Careful resource and succession planning is undertaken annually, which is an enabler for both enterprise resilience and the continued fulfilment of customer and client expectations and reduces D&G's exposure to material operational disruption resulting from the availability of appropriately skilled people.

D&G has put its people risk at the centre of its value proposition and during FY23 appointed a new Chief People Officer.

Information security and data protection

Context:

D&G collects, processes, stores and handles non-public data from customers and suppliers and therefore, must comply with all applicable data protection laws (including General Data Protection Regulation, 'GDPR').

Risk definition:

The risk that D&G exposes its customers, suppliers or employees to data loss/data breaches through for example, cyber-attacks or unintended leakage of sensitive data, if data is not held securely and in compliance with legal requirements (including GDPR).

Risk management and mitigation

D&G has deployed a framework of controls to mitigate the risk of non-compliance with its data security and privacy requirements and regularly reviews its conformance with relevant international standards.

To further ensure the robustness of controls, a multi-phased program of work (the Information Security Roadmap) is underway. Due to the inherent external threat of cyber-attack, D&G regularly reviews advice from government bodies (e.g. the US Cybersecurity & Infrastructure Security Agency and the UK's National Cyber Security Centre) and its existing vendors and suppliers to identify areas where controls may need to be updated to meet any new threat.

D&G complies with GDPR on the processing of personal data and on the free movement of such data and regularly monitors developments in privacy laws and regulation across multiple jurisdictions in which it operates.

In addition, D&G has implemented an Enterprise Resilience Framework to stress D&G's response, recovery and restoration controls to mitigate the impact of events, should they occur.

Underwriting and pricing

Context:

D&G has extensive experience and specialist technical capabilities in pricing its underwriting risks (such as accidental damage or mechanical breakdown), yielding reliable and stable underwriting performance. D&G ensures its customers receive good value from products we offer and act with due regard to D&G's commitment to upholding good outcomes for customers.

Risk definition:

The risk that D&G's insurance premiums are not able to cover existing or future claims.

Risk management and mitigation

D&G manages the risk of underwriting and pricing adversely impacting on business performance by:

- Building statistically robust pricing models with multiple years of data, run by experienced specialist teams
- Monitoring performance, including written premium and claims costs

D&G has appointed a new Chief Data & Underwriting Officer to ensure price and underwriting risks remain in accordance with customers' risk factors. Underwriting and pricing processes are subject to risk management governance and control to ensure pricing models are fair and non-discriminatory, whilst generating sustainable profit.

Regarding the unprecedented economic headwinds during the year, D&G has invested time in timely monitoring of KPIs, and revised economic assumptions are included in our planning for the future. The rate of insurance policy and maintenance plan cancellations and renewal uptakes is monitored by a specific working group to identify areas where response is required.

Regarding the ongoing cost of living crisis, D&G's business model is resilient to economic shocks as customer perception of value increases the drive to maintain products and appliances.

Third party risk

Context:

D&G has agreements in place with third parties to provide sales distribution, contact centres, technology and professional services (subject to satisfactory due diligence outcomes and acceptance of contractual requirements). This allows D&G to focus on developing its core competencies.

Risk definition:

Third party risk is the risk that services delivered by third parties of D&G fall below the required standards, resulting in business interruption, poor customer outcomes, data breaches, or financial loss.

Risk management and mitigation

All new third party agreements are arranged in accordance with our procurement policy and Material Outsourcing and Critical 3rd Party policy and are subject to appropriate levels of due diligence and onboarding and exit strategies.

Exit plan contingencies exist for material outsourcing and critical 3rd party contracts to minimise disruption should there be a termination.

D&G monitors the performance of our outsourcers and critical third-party arrangements and has a dedicated team to ensure third party sales risks are managed in accordance with our internal standards and the Enterprise Resilience Framework.

Key client relationships

Context:

D&G's majority route to market is via its key clients across the different territories. The ability to develop and maintain mutually beneficial relationships is fundamental for D&G's growth and our mature client management framework is adopted for developing markets in the US and Europe.

Risk definition:

The risk of being unable to deliver on strategic growth initiatives due to loss of key client or misalignment in priorities.

Risk management and mitigation

D&G's dedicated client management team maintains a close relationship with its partners with careful management of service levels. D&G has negotiated long-term agreements with most of its key clients and contracts, creating incentives for long-term, sustainable partnerships with our clients.

D&G monitors its key client dependence in accordance with our business strategy to oversee adherence to risk appetite on a regular basis.

Technology

Context:

Technology is a fundamental enabler for the delivery of our strategy and growth ambitions. As we accelerate our migration away from inflexible, legacy applications, towards modern, highly-flexible cloud-based systems and in-house built digital products, our teams are driving this transformation. This requires us to balance risk versus ambition in order to successfully deliver operational, commercial and customer benefit without causing business disruption.

Risk definition:

The risk that D&G's legacy technology does not enable efficient delivery of business objectives i.e. due to its inflexibility, unavailability, instability, obsolescence or lack of future-proofing.

Risk management and mitigation

D&G has the following key controls in place to mitigate the technology risk posed by legacy systems:

- Technology governance which oversees technology operations, architecture and large-scale change and releases
- IT service Continuity and Enterprise Resilience Framework
- Incident management and disaster recovery procedures
- In relation to cyber risks, see the 'Information security and data protection' section on page 71.

Delivery and value realisation

Context:

D&G has set out to deliver a number of ambitious transformation programmes, intended to enhance customer experience, profitability and shareholder value, over the medium and long-term. These programmes include digitalisation of our sales and service propositions, growth in the US, growth of its subscription business across the Group and modernising our technology estate.

Risk definition:

The risk of D&G not delivering our enterprise-wide transformational programmes, eg due to lack of oversight, controls and contingency planning.

Risk management and mitigation

- D&G regularly assesses the delivery of strategic change - including product-led and project-based initiatives - through our business planning structure
- To support successful delivery, D&G has embedded governance and controls for project funding and tracking of the benefits
- The Project Management Office (‘PMO’) drives robust controls and governance to mitigate risk exposure. This is delivered through adherence to the change framework, stress testing, reporting and tracking benefits realisation against product and transformation initiatives.

Conduct

Context:

D&G provides valuable services for essential household appliances and devices and aims to deliver fair customer outcomes and meet our customers’ expectations, whilst generating sustainable profitability.

Risk definition:

The risk that the provision of D&G’s services fail to provide customers with fair outcomes.

Risk management and mitigation

- Senior Managers and Certification Regime (‘SM&CR’) accountabilities are in place to ensure that culture, standards and values are embedded to provide a high standard of customer service and to uphold D&G’s commitment to ensuring good customer outcomes while also ensuring regulatory requirements are met
- Comprehensive training and competence programmes and employee vetting process
- Quality assurance programmes covering in-house and outsourced customer-facing activities as well as third party distribution
- Root cause analysis to identify and act upon complaint trends to ensure continued focus on fair outcomes
- Governance committees monitor adherence to conduct risk appetite, and achieving good customer outcomes in line with Consumer Duty
- Our second line of defence includes a risk-based compliance monitoring programme, targeting key areas of conduct risk
- D&G monitors the appliance market and works closely with its OEM partners to plan for potential disruption (e.g. supply chain disruption affecting replacement parts/appliance availability)
- The design of D&G’s products meet identified customer needs to generate fair outcomes, ensuring products are fit for purpose and are sold appropriately. The objective of our customer facing communications is to be clear, fair and not misleading.

Responsiveness to changes in market dynamics

Context:

D&G operates within a number of legal and regulatory frameworks and is exposed to external changes outside of its control, which present risks and opportunities to D&G.

Risk definition:

The risk that D&G is not able to respond appropriately to changes in the political/legal/regulatory/economic environment, activity of competitors, technology, or in consumer behaviour impacting the execution of D&G's strategy.

Risk management and mitigation

D&G monitors emerging external trends and is able to adapt quickly to opportunities and protect against potential risks. There is significant customer and market research completed, along with regular, real time customer feedback to help keep close to any emerging trends, allowing D&G to respond quickly.

D&G proactively scans the horizon to monitor a number of macro-factors, including regulatory/legislative developments, inflation, competitor behaviour, geo-political unrest and changes in consumer demand to ensure that our strategy continues to be aligned with customer needs and the regulatory landscape. In addition, D&G invests in products and technology to improve its ability to respond to changes in market dynamics.

D&G's ESG programme builds on the existing practices which already exist within our Risk Management and HR functions. Refer to pages 44 to 51 for further information regarding ESG.

OTHER RISKS

Climate change risk

Context:

D&G continue to assess the risks and opportunities presented by climate change, ensuring that our customers continue to receive uninterrupted service and to proactively anticipate the changing needs as part of our risk management framework.

Risk definition:

Climate change-related risks are the uncertain events that may arise from:

- The increased severity and frequency of extreme climate change-related weather events and longer-term gradual shifts in weather (physical risk)
- Changes to market dynamics by the process of adjustment to a low-carbon economy (transition risk)
- Relates to litigation against parties for losses caused by physical or transition risks (liability risk)

Risk management and mitigation

- D&G has embedded continuous scanning and monitoring across physical and transition risks as part of the risk management framework
- The Board reviews the results of the Group's risk assessment biannually, which helps inform the development of the business plan
- D&G's underwriting portfolio is well diversified to different appliance types and geographies with minimal exposure to weather-related claims and no catastrophe risk
- Strong relationships with our OEM partners and industry bodies to help identify opportunities associated with technology innovation (e.g. new appliance types such as heat pumps)
- Increasing use of cloud solutions and everyday flexibility working helps reduce locational risks (e.g. extreme weather events, such as floods)
- Governance committees such as the GRC, the Sustainability Committee (a sub-committee of the Board), Product & Pricing Committee and the Group Investment Committee have responsibilities to govern relevant areas of climate change risk
- D&G is proactively running ESG initiatives to evolve propositions and operations.

D&G's underwriting portfolio is well diversified to different appliance types and geographies **with minimal exposure to weather-related claims and no catastrophe risk**

Corporate Governance

Chair's welcome

The Group has extensive processes in place to engage with the broad range of stakeholders that are integral to its success.

David Tyler

The Board knows that robust governance processes designed to support proper oversight and decision-making are critical to the success of any business.

As a result, we continue to monitor our governance framework to ensure that our business activities are subject to regular scrutiny, ensuring that genuine value is delivered to our stakeholders and that our business can keep running in an ethical and responsible way.

In May 2022, following a review of our Governance Operating Model, the Board created the Domestic & General Leadership Group ('DGLG') in place of the Executive Committee which was disbanded. The DGLG has a wider membership, calling on broader skillsets and experience at a Senior Manager level.

The Board also has an established Sustainability Committee to assist in the development of the Group's environmental and sustainability strategy. The Sustainability Committee operates alongside the Group Audit & Risk Committee and Group Remuneration Committee.

Governance Code and Director duties

D&G is not a listed company. However, the items highlighted in the FRC's Corporate Governance Code 2018 (the 'Code') are highly influential to the Board in its oversight of the Group. In particular, we consider the following matters carefully and monitor performance with them: company culture, workforce engagement, diversity and remuneration. This report highlights the measures that are in place to ensure that we comply with the spirit of the Code on these items together with guidance helpfully introduced by the Wates Corporate Governance Principles in 2018 (the 'Wates Principles'). These provide further clarity on the standard of expected behaviour and transparency to which the UK's largest private companies should aspire. Details of how D&G applies the Wates Principles can be found in the Corporate Governance statement on page 91.

Further, the Board is aware of all of its duties as set out in the Companies (Jersey) Law 1991 as well as matters set out in section 172(1)(a) to (f) of the Companies Act 2006 as applicable to the UK entities within the Group.

You can find more on how Section 172(1) considerations are embedded in decision making at Board level on pages 52 to 55 and see how they are demonstrated throughout its governance framework over the following pages.

Leadership and effectiveness

The Board is responsible for providing effective leadership for the business. Above all it prioritises the setting of D&G's strategy in a sound and reasoned way. This is aided by the diverse experience of our Board members that each bring a broad breadth of experience and skills. Decisions are greatly influenced by interactions with D&G's management team and other colleagues and by its financial risk appetite. We have a fully articulated regulatory and prudential control framework. We review carefully the impact of the Group on each of our stakeholders. Details of how we consider our stakeholders in key decision making can be found in the Stakeholder Engagement section within our Strategic Report on pages 52 to 55.

Corporate framework

Domestic & General Limited is the statutory entity at which the operational board sits (the 'Board'). The Board is supported by an Audit & Risk Committee, a Remuneration Committee and a Sustainability Committee. This Annual Report & Accounts is presented for Galaxy Finco Limited, a subsidiary of D&G and holding company within the Group. Galaxy Finco Limited is the largest group of companies for which the results of the Group are consolidated. Domestic & General Insurance plc ('DGI') is the regulated operating entity within the Group and has its own Audit & Risk Committee which is chaired by Barbara Merry, an independent Non-Executive Director of that company. Domestic & General Insurance Europe AG ('DGIEU') is a wholly-owned subsidiary of DGI, registered in Germany and duly authorised by BaFin to carry on insurance business in Germany and across the EEA. DGIEU has both a Management Board and a Supervisory Board. Details of the membership and terms of reference of each of our committees are provided in more detail on page 90.

David Tyler
Chair
29 June 2023

The role of the Board

The Board has collective responsibility for the long-term success of the Group. It sets its strategic direction and oversees its performance.

The Board delegates implementation of strategy and the responsibility for day-to-day operations to the DGLG, supported by the Extended Leadership Team ('ELT').

The Board recognises the importance of its role in setting the tone of the Group's culture, aligning it with our purpose, values and strategy and embedding it throughout the Group.

BOARD ROLES

Independent Non-Executive Directors

- Provide independent oversight and constructively challenge the Executive Directors
- Bring independent judgement to bear on issues of strategy, performance and resources within the risk and governance structure
- As Board committee members, review the integrity of the Company's financial information, recommend appropriate succession plans and monitor Board diversity

Non-Executive Directors

- Constructively challenge the Executive Directors
- Appointed by shareholders in accordance with the Investment Agreement
- Contribute in every way to the success of the Group

Executive Directors

- Day-to-day operations of the business
- Implementation of strategies and business plans

Chair

- Lead the Board
- Provide independent judgment and insight on all matters
- Monitor the contribution and performance of Board members
- Key contact for all significant stakeholders

Chief Executive Officer & Chief Financial Officer

- Lead the Group's performance
- Propose strategies, business plans and policies to the Board
- Lead, motivate and monitor the performance of the Company's senior management team

Company Secretary

- Responsible for ensuring compliance with Board procedures
- Provide support and advice to Directors as required
- Direct access to the Chair, Committee Chairs and CEO

In line with standard process, at the start of the year, the Chair, the Chief Executive Officer ('CEO') and the Company Secretary agreed a programme for the year (the 'Annual Programme') which identified key dates when normal meetings of the Board and Board activity could take place to ensure that the Board is directly involved in approving all major decisions, providing oversight and control, growing long term shareholder value and promoting corporate governance.

Supporting the Annual Programme, the Board's routine programme included receiving and discussing regular reports from the CEO and CFO. This includes monitoring financial reports and operating budgets, approving corporate reporting, monitoring risk management, receiving reports on health and safety, succession planning, investor relations, regulatory affairs, governance and compliance. The Board also received updates from the respective Chairs of Board committees.

Board of Directors

- The key decision making and strategy setting body of the Group
- Responsible for ensuring compliance with Board procedures
- Responsible for guiding and approving corporate strategy, policies and business plans
- The Board delegates implementation of strategy and day to day activities to the DGLG

Audit & Risk Committee

- Oversight of accounting principles and their implementation
- Oversight of the effectiveness of internal controls, risk management and compliance processes
- Oversight of the effectiveness of the internal and external audit functions

Remuneration Committee

- Responsibility for determining the overall framework and policy for remuneration of the Chair, the Independent Non-Executive Directors, the Executive Directors and senior executives of the Group

Sustainability Committee

- Responsibility for considering key environmental and sustainability matters relevant to the business of D&G and make recommendations to the Group Board to improve the Group's position with respect to sustainability

Domestic & General Leadership Group ('DGLG')

- Responsible for ensuring compliance with Board procedures
- Provide support and advice to Directors as required
- Direct access to the Chair, Committee Chairs and CEO

Board of Directors

The Directors set out here are Directors of Domestic & General Limited.

Domestic & General Limited is the statutory entity at which the Group's operational Board sits and the parent entity of Galaxy Finco Limited, whose financial statements are presented at page 96.

Barbara Merry is a Director of Domestic & General Insurance plc and regularly attends Group Board meetings in such capacity.

David Tyler
Chair

Appointed
September 2015

Committee Membership
Audit & Risk (D&G, DGI)
Remuneration
Sustainability[1]

Biography
David became Chair of the Group in September 2015. During the interim period of five months in 2021 between CEOs, he was Executive Chair. David has over 48 years' experience spanning the consumer, retail, business services and financial services sectors.

David is an experienced Chair having served in this role at major UK public companies including J Sainsbury plc, Hammerson plc and Logica plc. As a Fellow of the Chartered Institute of Management Accountants and a member of the Association of Corporate Treasurers, David brings extensive financial knowledge to the Board.

External appointments
David is the Chair of PZ Cussons plc and JoJo Maman Bébé. He is also the Chair of the Parker Review, a Government-backed Committee advising on how to increase the ethnic diversity of Boards and senior management of UK companies.

Matthew Crummack
Chief Executive Officer

Appointed
October 2021

Committee Membership
Remuneration
Sustainability[1]

Biography
Matthew was appointed as CEO of the Domestic & General group on 4th October 2021. He is an experienced executive having led the transformation of big consumer-facing digital brands across different geographies. Matthew was the Group CEO of GoCo Group plc prior to its sale in 2021 to Future plc for $794m, and the CEO of lastminute.com Group where he led the turnaround of the business prior to its sale to Bravofly Rumbo Group for $120m in 2015. Previously Matthew was Senior Vice President of Lodging at Expedia, managing the supply of hotels and transportation inventory for the global group and started his career in consumer goods across Europe at Procter & Gamble and Nestle.

External appointments
Matthew also serves as a Senior Non-Executive Independent Director at National Express plc, a Non-Executive Director and advisor to London start-up Kidadl and as an Independent Council member of Aston University.

Joe Fitzgerald
Chief Financial Officer

Appointed
November 2021

Committee Membership[2]
None

Biography
Joe joined D&G as a graduate in November 1998 and has worked in a variety of roles across the business. He was appointed Underwriting Director in 2007, and has over his time at D&G also led our Marketing, Data Science, Repair Service, Digital and Group Strategy functions. Joe was previously our acting CFO from November 2019 until November 2020 before being permanently appointed CFO in November 2021. Joe is an associate of the Chartered Institute of Management Accountants and the Society of Actuaries.

External appointments
N/A

Robin Ashton
Independent Non-Executive Director

Appointed
July 2019

Committee Membership
Audit & Risk (Chair - D&G)

Biography
Robin is a Chartered Accountant with extensive experience in retail financial services, both in the UK and internationally, with skills and experience across a broad range of areas, in particular, credit, treasury, audit and accounting. Robin served as Chair of Leeds Building Society until April 2020 and as the Senior Independent Director of Shawbrook Group plc and its subsidiary Shawbrook Bank Ltd until June 2022.

External appointments
N/A

[1] The Sustainability Committee was established, and all members appointed, on 27 May 2022.

[2] In line with Corporate Governance best practice, it was agreed that membership of the D&G and DGI Audit & Risk Committees should be made up of Non-Executive Directors. Joe Fitzgerald therefore stepped down as a member from both the D&G and DGI Audit & Risk Committees in June 2022. Executive Directors continue to attend meetings of the Audit & Risk Committee on a regular basis as invitees.

Nina Bhatia
Independent Non-Executive Director

Appointed
April 2019

Committee Membership
Remuneration

Biography
Nina is currently the Executive Director, Strategy & Commercial Development at the John Lewis Partnership. Nina was previously Managing Director of Hive, a smart home business owned by Centrica. She also ran a national home services business for British Gas. Nina spent 23 years at McKinsey & Co., was elected a Partner in 1999 and served clients in multiple sectors including energy, media, healthcare and government.

External appointments
Nina is Executive Director, Strategy & Commercial Development at the John Lewis Partnership.

Robin (Pev) Hooper
Non-Executive Director

Appointed
August 2013

Committee Membership
Remuneration (Chair)

Biography
Pev Hooper is a Managing Partner at CVC, he co-leads CVC's private equity activities in the UK and is based in London.

He joined CVC in 2003 after working in mergers and acquisitions at Citigroup and Schroders. He holds an MA degree from Oxford University. Pev brings a range of UK consumer financial services experience from his time on the boards of FCA/PRA regulated businesses such as NewDay (a leading consumer credit provider) and the RAC (leading roadside recovery provider and insurance broker).

External appointments
Pev serves on the board of the RAC, NewDay, Away Resorts, Lipton Teas, Premiership Rugby & Six Nations Rugby.

Martin Iacoponi
Non-Executive Director

Appointed
November 2021

Committee Membership
Audit & Risk (D&G)
Remuneration
Sustainability[1]

Biography
Martin is a Managing Director at CVC and joined in 2015. Prior to joining CVC, Martin worked at Credit Suisse.

External appointments
Martin serves on the board of RiverStone International Limited and has also been involved with CVC Funds' investments in Pensions Insurance Corporation, NewDay, Paysafe and TMF.

Barbara Merry
Independent Non-Executive Director of DGI – the Group's UK regulated operating entity

Appointed
September 2014

Committee Membership
Audit & Risk (Chair – DGI)
Sustainability[1]

Biography
Barbara is a Chartered Accountant with a wealth of experience in the insurance industry and underwriting sector, serving for 12 years as CEO of Hardy Underwriting Group and prior to that, as Managing Director of the Omega Group. She was also a general manager with the Corporation of Lloyds for some 14 years.

External appointments
Barbara is a non-executive director with Pool Reinsurance Company Limited, Argus Group Holdings, Berkshire Hathaway International Insurance Limited, Berkshire Hathaway European Insurance DAC, BGC Brokers LP and BGC European Holdings LP.

Michael Ross
Non-Executive Director

Appointed
September 2021

Committee Membership
None

Biography
Michael has over 30 years experience in digital and data-driven transformation. He is a serial entrepreneur and has co-founded businesses including figleaves.com, ecommera and DynamicAction. He has also served on the board and advised a wide range of businesses across retail, telecommunications, financial services and consumer goods. He started his career at McKinsey and Company.

External appointments
Michael serves as a non-executive director of Sainsburys Bank and N Brown Group plc.

David Wells
Non-Executive Director

Appointed
September 2015

Committee Membership
Audit & Risk (D&G)
Remuneration

Biography
David is a Senior Managing Director at CVC and joined in 2009. Prior to joining CVC, David worked for OC&C Strategy Consultants.

External appointments
David serves on the board of Pro14 Rugby, Away Resorts and ekaterra and was previously involved with CVC Funds' prior investments in SkyBet, Formula 1 and Samsonite.

Peter Rutland resigned effective 21 November 2022.

Board activities and meeting attendance

Board responsibilities

The Board held nine formally scheduled meetings during the year. The table below shows the attendance by all Directors who served during the year.

Name of Director	Maximum no. of scheduled Board meetings Director could attend	No. of scheduled Board meetings Director attended
Chair		
David Tyler*	9	9
Executive Directors		
Matthew Crummack*	9	9
Joe Fitzgerald*	9	9
Non-Executive Directors – Independent		
Robin Ashton	8	8
Nina Bhatia	8	6
Barbara Merry (DGI)*	9	7
Non-Executive Directors – Investor		
Robin (Pev) Hooper	8	7
Peter Rutland – resigned 21 November 2022	5	5
David Wells	8	6
Martin Iacoponi	8	7
Michael Ross	8	8

* Directors of DGI were scheduled to attend one additional DGI specific Board meeting compared to the other listed Directors.

In addition to the scheduled meetings outlined in the table, several short meetings took place throughout the period to consider specific matters.

Key activities of the Board

In making its decisions throughout the year, the Board considers the views and interests of its stakeholders as well as the need to promote the long-term success of the Company.

Key stakeholder groups are defined at the start of all business initiatives and their potential interests and impacts are highlighted. An overview of our Board's key activities is provided below.

Strategy & Finance

- Approved the FY24 budget
- Received updates in respect of IFRS 17
- Reviewed workplace culture
- Reviewed the key areas of focus, including a strategic review of our European business

Risk Management

- Received updates from the Audit & Risk Committee
- Approved the Consumer Duty implementation plan
- Implemented an Operational Resilience Framework and stress tested operational pressures

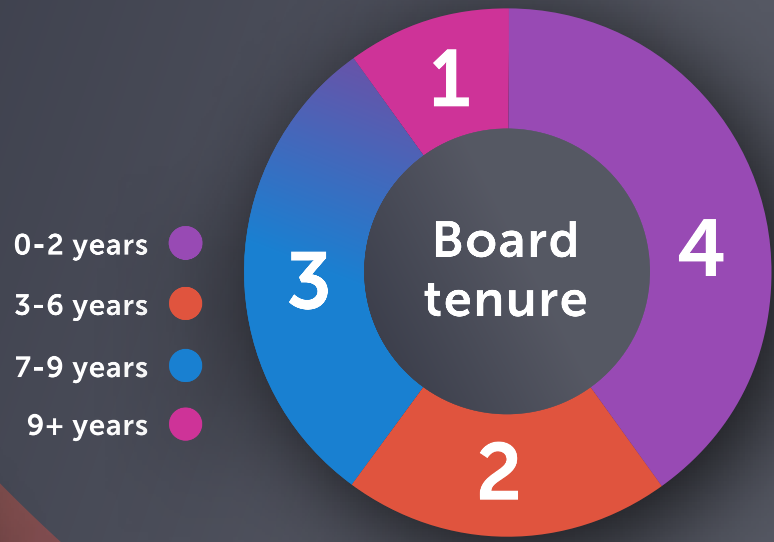
Governance

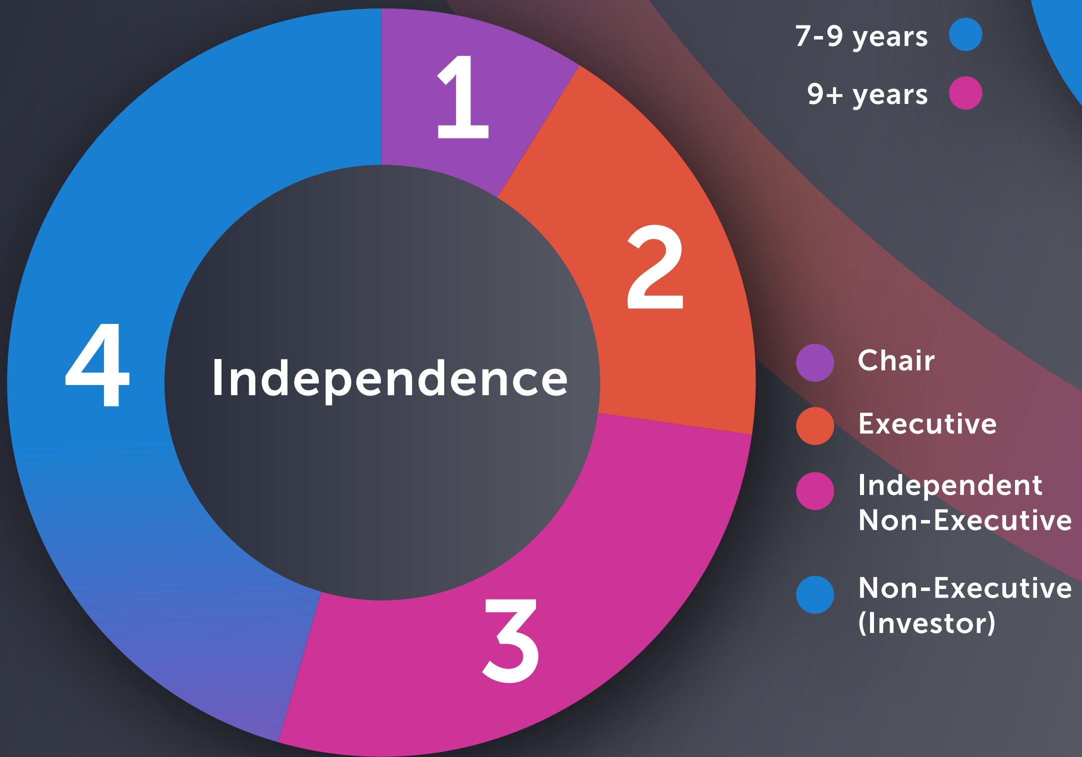
- Established the Sustainability Committee as a sub-committee of the Board
- Conducted a Board Effectiveness Review
- Reviewed and approved updated terms of reference for the Board and its committees

Group Performance

- Received monthly finance & trading reports and KPIs
- Monitored and supported growth initiatives in the US
- Approved year-end results

Board composition

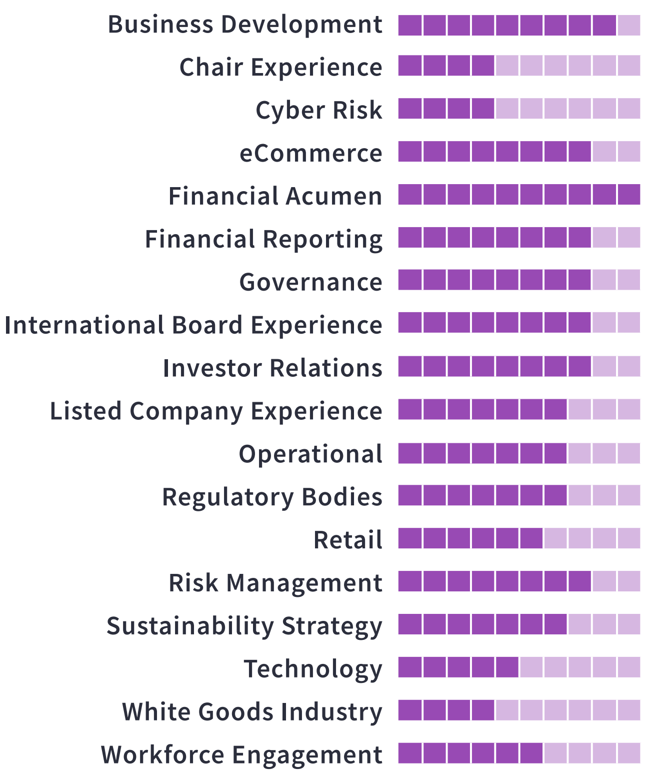




At D&G, we recognise that a balanced Board promotes effective decision-making and supports different perspectives being brought to discussion on business operations and risk strategy.

Directors' skills and experience

The table below provides an overview of the skills and experience of our ten Directors as at 31 March 2023:



Independence

The Wates Corporate Governance Principles for Large Private Companies recommend that companies should consider the value of appointing independent non-executive directors to offer constructive challenge. At D&G, our Board comprises three Independent Non-Executive Directors as well as the Chair (independent on appointment) representing 40%.

In addition to the Independent Non-Executive Directors, there are an additional four Non-Executive Directors designated by our investors; three by CVC and one by ADIA.

Robin (Pev) Hooper has served as a Non-Executive Director for more than nine years. The Board considers that Pev's detailed knowledge and experience of the Group's business continues to be of significant benefit and does not believe the duration of his tenure amounts to a relationship or circumstance which may affect his judgement.

Conflict of interest

Procedures are in place to review and manage actual and potential conflicts.

Each year, the Company Secretary undertakes an exercise whereby each Director is asked to review and update the conflict disclosures. In addition to this, each Director is aware of their duty to notify the Board should there be any material change to their positions or interests during the year. In accordance with internal policy, as well as the Company's Articles of Association, the Board may elect to authorise conflicts.

In such circumstances, members of the Board will abstain from Board discussion or decisions in relation to any matter in which they have or may have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Company.

Board evaluation

The Board conducted an internally facilitated evaluation in July 2022 which included a review of the effectiveness of the Board and its committees.

The internal review was conducted by the Chair with the support of the Company Secretary and included individual discussions with each Director. Questionnaires were issued to every Board member, which had been agreed in advance with the Chair.

The tone of the feedback was that the Directors have a very positive view of the way that the Board operates. The score for over 90% of the questions was either the same or better than the score for the same question at the last Board evaluation in 2018.

Board diversity + characteristics

The Directors talked about our Board being a very well-balanced group of people with a diversity of skills and backgrounds. The Executive Directors feel challenged by the Non-Executive Directors and welcome that fact. Directors enjoy meeting together and interacting with senior management around the Board table. The Board is seen to be less introspective than it was and more strategic. There are transparent, data-led reviews which are well connected with our strategic objectives.

Following the final report, recommendations were considered by the Board and an action plan for areas of focus was agreed. The Board reviewed the findings in September 2022 and agreed associated actions, which included, amongst other items, preparing an updated set of Board Objectives, which were subsequently approved by the Board in December and further enhancing the monthly management results pack with other useful KPIs, including non-financial information.

Board induction and training

The Board has in place policies for induction and on-going training. All members of the Board have access to appropriate professional development courses to support them in meeting their obligations and duties. They also receive ongoing briefings on current developments, including updates on governance and regulatory issues. The skills matrix demonstrates where additional training may be beneficial for the Board. This is used to form the basis of our ongoing programme of training for Directors.

Domestic & General

Leadership Group

In May 2022, the Board disbanded the previous Executive Committee and created the Domestic & General Leadership Group ('DGLG'). The DGLG has a wider membership, creating broader skillsets and experiences.

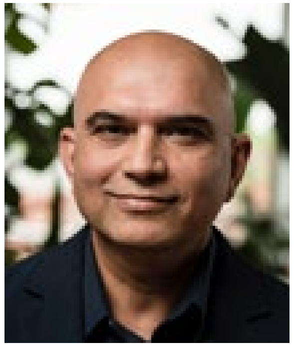
The Board delegates the day-to-day operations of the business to the DGLG, which, along with the Chief Executive Officer and Chief Financial Officer, is made up of the following key management personnel:

Anna Capitanio

Chief People Officer

Biography

Anna joined in March 2023 as Chief People Officer. She was previously the People Leader for the BT/EE Consumer division where she drove a significant organisation and people transformation aimed at establishing progressive and flexible people practices. Anna has over two decades of experience across multiple industries and sectors, including telecoms, pharmaceutical, manufacturing, hospitality and mining as well as across geographies, from Europe to Australasia, Middle East and Africa. Passionate about people and brands, Anna brings a unique perspective on collaboration, inclusion and engagement.



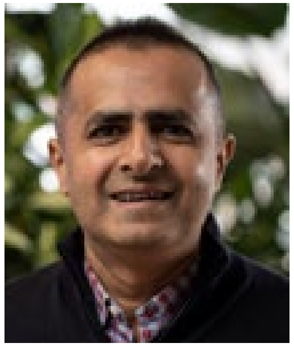
Seb Chakraborty

Chief Product & Technology Officer

Biography

Seb joined in January 2022. He has a background in both software and business with a track record of innovation, business scale-up and technology.

He has over 20 years' experience across several industry sectors, including telecoms, energy and financial services and has previously worked in a Senior Executive capacity in VMO2, Future plc and Centrica Hive.



Vipul Chhabra

Chief Data & Underwriting Officer

Biography

Vipul joined in October 2022 as Chief Data and Underwriting Officer, responsible for Underwriting contribution and pricing for the Group alongside all aspects of our data strategy.

Prior to joining D&G, Vipul led Funding Circle's US business and brings over 20 years' experience in various commercial, marketing and risk roles at Capital One, Citigroup and Barclays across various countries, with over a decade-long experience working in the US. Throughout his career, he has focused on generating customer value through data and analytics. Vipul holds an MBA from the Indian Institute of Management and is also a chartered accountant.

Al Grljevic

Chief Operating Officer

Biography

Al joined in November 2021 to drive Group change and transformation. In May 2022, Al took on the role of Chief Operating Officer. He retains his transformation and programme responsibilities, whilst also bringing together the various operational teams and activities across the Group.

Prior to joining D&G, Al held several senior roles within the publishing, fintech and travel sectors, successfully leading delivery across multiple business functions including digital, marketing, technology and operations.

Tom Hughes

Chief Risk Officer

Biography

Tom joined in May 2018 and is responsible for risk, compliance, data privacy and quality assurance. Tom has spent more than 12 years in the insurance industry, including roles at RSA Insurance Group and a number of senior positions at AXA.

Prior to this, Tom qualified as a chartered accountant, holding roles in audit and finance at Deloitte and HSBC.

Vikki Kennedy

Head of Corporate Development

Biography

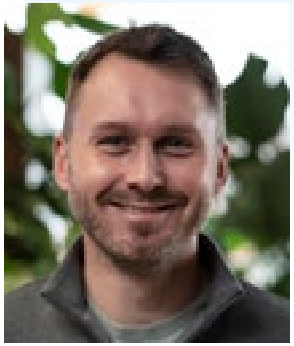
Vikki joined in March 2022 to establish and lead the Group's corporate development function. With more than 30 years' experience of public and private corporate transactions, including IPOs, demergers, acquisitions and divestments, Vikki has held senior corporate transaction roles and independent advisory positions in a number of blue-chip companies, both in the UK and internationally, primarily in the financial services sector.

Hannah Kershaw

Chief Product Officer

Biography

Hannah joined in March 2022 to lead on our transformation to a digital product led business. Hannah has previously built product teams and digital experiences for top consumer brands, including the RAC and Gocompare.



Ed Knox

Director of Operations

Biography

Ed is the Director of Operations, leading our sales and service contact centres as well as the service delivered by our repair network and logistics providers.

Prior to joining the Group in 2018, Ed worked for HSBC where he held the role of Chief Operating Officer overseeing Operations, IT, Transformation, Facilities and Procurement in Qatar, Kuwait and then Luxembourg. Ed started his career at ExxonMobil where he qualified as a Chartered Accountant.

Phil Leitch

Chief Information Officer

Biography

Phil joined in July 2020 to lead the Technology and Change functions. He was previously the Group CIO at Virgin Active. Phil's experience covers all aspects of building and running large-scale technology platforms and teams. His previous roles include senior leadership positions at both Sainsbury and Royal Mail. Prior to that, Phil spent the early part of his career working in the digital agency world, building the first generation of digital services for clients in London and San Francisco.

Alexis Leonidou

General Counsel & Company Secretary

Biography

Alexis joined the Legal team in January 2012 and was appointed as General Counsel for the UK business in November 2019. Alexis is now Group General Counsel & Company Secretary, working closely with the Leadership Group and Board on all key legal and regulatory matters.

Before joining D&G, Alexis worked at Travers Smith LLP as a Solicitor in the Commercial, IP and Technology team.

Steve Purser

Managing Director, Client Management, New Business Sales & International

Biography

Steve joined in March 2008 and is responsible for UK Sales & Client Management and our International business including the recent successful launch in the US.

Steve previously held the Marketing Director and Sales & Marketing Director roles. His 25-year career in the industry has included UK and International roles, including senior positions at HomeServe and Allianz Insurance.

Sonal Sutcliffe

HR Director

Biography

Sonal joined in April 2017. With more than 20 years experience across financial services much of Sonal's career to date has been in senior HR roles across Banking and Insurance at HSBC, Standard Chartered and Barclays. Much of this experience has been gained internationally including roles in Hong Kong, Singapore and India. Sonal is responsible for driving D&G's Organisation Effectiveness, having previously led the Value Realisation Office.

Gayle Terry

Chief Marketing Officer & President of D&G US

Biography

Gayle joined in 2014 and is responsible for creating and delivering the customer and marketing strategy. Gayle has recently taken on the role of President of our US business, as we look to accelerate and drive forward our US strategy and plan.

Prior to joining the business, Gayle worked in several leadership roles at British Gas, where she led teams across several functional areas including Marketing, Commercial, Operational Management and Business Transformation.

balance of skills + experience

Jim Vreeland joined Domestic & General in March 2023 and the DGLG formally in May 2023. Jim is Chief Revenue Officer, US. and brings a wealth of experience in insurance and services, having held senior roles at large global brands including Asurion, Sprint, and Nortel Networks.

Corporate Governance **framework**

DOMESTIC & GENERAL LIMITED

Audit & Risk Committee

Members:
- **Robin Ashton** (Chair)
- **Martin Iacoponi** (Appointed 27 May 2022)
- **Peter Rutland** (Resigned 27 May 2022)
- **David Tyler**
- **David Wells**
- **Joe Fitzgerald** (Resigned 23 June 2022)

Terms of Reference:
To meet at least three times a year and in the current year met seven times.

Responsibilities include:
- Review of the annual and quarterly financial statements (including the reasonableness of areas of judgement)
- Review of the appropriateness of the Group's accounting policies and their implementation
- Review of the effectiveness of the audit process and the relationship of the Group with its external auditor including the level and nature of non-audit services
- Review of the effectiveness of the internal audit function
- Review of the effectiveness of the Group's internal controls, risk management and compliance processes

Remuneration Committee

Members:
- **Robin (Pev) Hooper** (Chair)
- **Nina Bhatia**
- **Matthew Crummack**
- **Martin Iacoponi** (Appointed 6 December 2022)
- **Peter Rutland** (Resigned 6 December 2022)
- **David Tyler**
- **David Wells**

Terms of Reference:
To meet at least once a year and in the current year met three times.

Responsibilities include:
- Determining the overall framework and policy for remuneration of the Chair, the Independent Non–Executive Directors, the Executive Directors and senior executives of the Group
- Ensuring the remuneration policy for Executive Directors and senior management provides packages that attract, motivate and retain high calibre individuals, to develop the Group further and enhance its value

Sustainability Committee

Members:
- **Barbara Merry** (Chair)
- **Matthew Crummack**
- **Martin Iacoponi**
- **Gayle Terry**
- **David Tyler**
- **Chloe Sanders** (CVC)

Terms of Reference:
To meet at least three times a year and in the current year met four times.

Responsibilities include:
- Assist the Group Board in the development of the Group's environmental and sustainability strategy, including its net zero strategy and monitor its performance
- Identify environmental and sustainability related risks to the business and escalate to the Group Board those of material significance
- Monitor and review current and emerging environmental and sustainability trends, standards and legal requirements and determine how they may affect the Group
- Review and provide guidance to the Group Board on the involvement of significant corporate responsibility issues in major business decisions

DOMESTIC & GENERAL INSURANCE PLC

UK Regulated operating entity

Audit & Risk Committee

Members:
- **Barbara Merry** (Chair)
- **David Tyler**
- **Joe Fitzgerald** (Resigned 23 June 2022)

Terms of Reference:
To meet at least three times a year and in the current year met seven times.

Responsibilities include:
- Review of the annual financial statements (including the reasonableness of areas of judgement)
- Review of the appropriateness of the accounting policies and their implementation
- Review of the effectiveness of the audit process and the relationship with its external auditor including the level and nature of non-audit services
- Review of the effectiveness of the internal audit function
- Review of the effectiveness of the internal controls, risk management and compliance processes

Corporate Governance Statement **FY23**

The Board is committed to applying the appropriate high standards of corporate governance commensurate with the Company's size and maturity. The Company has aligned its governance with best practice and is reporting against The Wates Corporate Governance Principles for Large Private Companies.

The Wates Principles and associated guidance are available on the Financial Reporting Council website at www.frc.org.uk.

By order of the Board

David Tyler
Chair
29 June 2023

Principle	Description	Page number
Purpose and leadership	An effective Board which develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.	For details of our strategy see pages 33 to 43
Board composition	A biography for each Board member can be found on pages 81 and 82. Effective Board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual Directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the company.	For more on our Board composition see pages 84 to 86
Board responsibilities	The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.	For more on the role of the Board see pages 79, 80 and 83
Opportunity and risk	A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establish oversight for the identification and mitigation of risks.	For more on Risk Management see pages 69 to 75
Remuneration	A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.	For more on the Remuneration Committee see page 90
Stakeholder relationships and engagement	Directors should foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	For more on stakeholder engagement see pages 52 to 55

Directors' report of Galaxy Finco Limited

Registered office address

27 Esplanade St Helier
Jersey
JE1 1SG

Company number

Galaxy Finco Limited is registered in Jersey with company number 113706.

Principal activity

The principal activity of the Group is the provision of appliance care for domestic appliances and consumer electronic products to consumers.

Board of Directors

Matthew Crummack (Appointed 7 October 2022)

Joe Fitzgerald

David Tyler (Resigned 7 October 2022)

For more information on the Board of Galaxy Finco Limited see the Director biographies on pages 81 and 82.

Share capital

Details of share capital are to be found in note 27 to the financial statements.

Dividends

The Group did not declare a dividend in the year (FY22: £nil).

Charitable donations

During the year the Group made charitable donations of £87k (FY22: £34k).

Political donations

Our policy is that neither the Company nor any company in the Group will make contributions in cash or kind to any political party, whether by gift or loan.

Statement of engagement with employees

The Board is proud of its engagement with its workforce and recognises this vital part of our operations. We are transforming the way we work to become a customer-focused, product-led business, growing into a truly global business. Our people strategy is focused on empowering our people, driving innovation and ensuring we are a digital-first business.

For more detail on our people see pages 54 and pages 63 to 68.

Company's policy concerning employment of disabled persons

We celebrate diversity and are working to create a truly inclusive and diverse organisation.

In 2022 we re-introduced our D&I networks, extending our Women's and Working Families networks to also include a Mental Health Network (see 'Our people', page 67). These provide a safe space for our people to build connections, openly discuss challenges and identify opportunities to enhance inclusion across the business.

Recruitment, promotion and training and development decisions are based on people's skills, competencies, potential and objective job-related criteria relating to job requirements and job performance. D&G implements reasonable adjustments to support any employee with a disability to contribute to their full capacity.

Streamlined Energy and Carbon Reporting

For information on Streamlined Energy and Carbon Reporting, please see page 51 of the Strategic Report.

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers by agreeing the terms of each transaction, ensuring the suppliers are made aware of the terms of payment and abiding by the terms of the payment. Payables of the Group for FY23 were equivalent to 25 days' purchases (FY22: 28 days), based on the average daily amount invoiced by suppliers during the period.

Directors and officers insurance, and Directors' indemnities

The Company has purchased and maintained throughout the period, Directors and Officer's liability insurance in respect of the Company and its Directors. The Directors are also entitled under the Articles of Association to be indemnified by the Company against costs, charges, losses, expenses and liability incurred in the discharge of their duties, unless prohibited by statute.

Going concern

The Group's business activities and strategy, including a review of future plans, are included in the Strategic Report. The financial review on pages 18 to 23 includes details of the Group's financial position as well as details of the Group's cash flow and liquidity.

The Group is exposed to financial risk through its financial assets and financial liabilities and, to a limited extent, its insurance contracts. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group; this is discussed in note 33 to the financial statements.

Details of the Group's loans and borrowings are given in note 25 to the financial statements.

The regulated business also continues to meet its capital requirements and has a capital management process in place as discussed in note 34 to the financial statements.

In order to assess the appropriateness of the going concern basis of accounting, taking into account the current economic climate, the Directors have considered the key factors in the business that could have an impact on trading and whether an adverse change in these could affect the Group's ability to meet its liabilities as they fall due.

Increased inflation and ongoing geo-political factors have caused disruption to the economy and financial markets globally, and the full extent of the potential impacts remain unknown. Overall, we have not seen a material impact on the trading performance of the Group, with stable performance seen throughout the period and resilient cash flow performance demonstrating the strength of our business model.

The Directors have prepared base case cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicates that the Group will be able to operate with adequate levels of both liquidity and capital over that period.

The Directors have also considered a severe but plausible downside scenario which incorporates reductions in sales and increases in cancellation rates. The Group's assessment takes into account the recent acquisition of After Inc, referred to on page 3 of the Strategic Report and note 35 in the financial statements. This indicates that the Group will be able to operate with adequate levels of both liquidity and capital for a period of at least 12 months from the date of approval of these financial statements.

After performing this assessment, the Directors have a reasonable expectation that the Group has adequate resources to meet its debt obligations and continue its operations for a period of at least 12 months from the date of approval of these financial statements. No material uncertainties that may cast significant doubt on the ability of the Group to continue as a going concern have been identified. The Directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 March 2023.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Certain risk information about the use of financial instruments

Details have been provided in notes 18 and 33 to the financial statements.

Auditor

The EU Statutory Audit Regulation and Directive requires all Public Interest Entities to conduct an audit tender at least every ten years and rotate the auditor after at least 20 years. DGI, a subsidiary of the D&G Group, is classified as a Public Interest Entity as a result of it acting as an insurance entity.

In 2019, D&G completed an audit tender process and the Audit & Risk Committee recommended to the Board that Deloitte should be appointed as the auditor of the Company. The reappointment of Deloitte LLP was approved at the 2022 AGM.

Statement of engagement with suppliers

For more information as to how the UK registered entities within the Group comply with Sch 7.11(1)(b) the Companies (Miscellaneous Reporting) Regulations 2018, see the Strategic Report, specifically Stakeholder Engagement on pages 52 to 55, Our Partners on pages 59 to 62 and our supplier payment policy on page 93.

Non-financial information statement

This non-financial information statement highlights information necessary for an understanding of the Company's development, performance, position and impact of its activity, information relating to environmental, employee, social, respect for human rights, anti-corruption and anti-bribery matters.

Where possible, the following table states where additional information can be found that supports the requirements of sections 414CA and 414CB of the Companies Act 2006.

By order of the Board

Joe Fitzgerald
Director
29 June 2023

Reporting requirement	Relevant policies/procedures	Where in report
Risk management	Risk Management Framework, Financial Crime Framework, Data Privacy Policy, Whistleblowing Policy, Operational Risk, Conduct Risk, Anti-Bribery & Prevention, Fraud	Pages 69 to 75
Non-financial KPI's	N/A	Pages 3 to 6 and 28
Employee engagement	Employee Handbook	Pages 63 to 68
Human rights	Modern Slavery Statement, Diversity & Inclusion Policy, Business Ethics and Standards Policy	Pages 46, 55 and 67
Social and environmental matters	Business Ethics and Standards Policy, Tax Strategy Statement	Pages 44 to 51

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare Group financial statements in accordance with International Financial Reporting Standards as adopted by the United Kingdom (IFRSs as adopted by the UK) and applicable law.

Under Companies (Jersey) Law 1991 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Financial Statements

Report on the audit of the Financial Statements

Independent auditor's report to the members of **Galaxy Finco Limited**

See also Financial Statements on page 106

Independent auditor's report to the members of Galaxy Finco Limited continued

1. Opinion

- In our opinion, the financial statements of Galaxy Finco Limited (the 'parent company') and its subsidiaries (the 'Group'):
- give a true and fair view of the state of the Group's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:
- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of goodwill • Accuracy of manual adjustments to revenue Within this report, key audit matters are identified as follows: ! Newly identified ↑ Increased level of risk ⇔ Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £6.0m which was determined on the basis of earnings before interest, taxes, depreciation, and amortization ("EBITDA") for the year.
Scoping	The scoping of our audit included two components subject to full scope audits and a further of five entities subject to the audit of specified account balances. These entities represent 96% of Group revenue and 91% of Group total assets.
Significant changes in our approach	In the current year, we identified a new key audit matter with respect to the accuracy of the indeterminate length policies ("IPM") grossing assumption adjustment within the recognition of revenue. In the prior year, our key audit matter related to three specific manual adjustments to revenue which we consider to have reduced in risk, due to the consistency of earning patterns and contracts.

Independent auditor's report to the members of Galaxy Finco Limited continued

4.Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- assessing financing facilities including nature of facilities, the availability of undrawn funds and repayment terms;
- challenging the reasonableness of the profit forecasts used by management by assessing historic forecast accuracy and the future growth rates of the different segments;
- evaluating the Group's current year performance and year end liquidity and solvency capital position of its regulated subsidiaries;
- assessing the impact of current macroeconomic conditions;
- performing subsequent events review; and
- assessing financial statements disclosures in respect of going concern for transparency and inclusion of all facts and circumstances of which we are aware through the performance of the audit work.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of goodwill

Key audit matter description	The goodwill was acquired through a business combination resulting from the acquisition on 19 December 2013 by Galaxy Bidco Limited. Goodwill amounted to £278.5m (2022: £278.5m) as at year end. Determining whether goodwill is impaired requires an estimation of the recoverable amount of each cash generating unit (CGU), using the higher of value in use (VIU) and fair value less cost to sell. The estimated recoverable amount is subjective and calculated using a valuation model underpinned by key assumptions including forecast cashflows, discount rates and long-term growth rates. There is a risk that the assumptions used are overly optimistic. Management use a VIU approach to assess the recoverable value of CGUs, having assessed it to be a greater than fair value less cost to sell. The VIU amount is subjective and calculated using the assumptions noted above. A headroom calculation is performed as the amount of calculated VIU above the carrying value of the CGUs. A CGU with less headroom is at a greater risk of impairment where the impairment model is sensitive to key assumptions. Based on an annual exercise to test goodwill for impairment, management did not identify any impairment on the carrying value of goodwill. Refer to note 4A to the financial statements (Critical estimates and judgements) and to note 14 (Goodwill and intangible assets).

Independent auditor's report to the members of Galaxy Finco Limited continued

How the scope of our audit responded to the key audit matter	We have gained an understanding of management's process for performing the annual impairment test and obtained an understanding of relevant controls. In addition, we performed the following audit procedures: • Challenged the assumptions used in the annual impairment review, in particular discount rate and long-term growth rate applied to each of the CGUs, by comparing to independent evidence; • Involved our valuation specialists to assess and challenge the discount rate and long-term growth rate used by management by considering broader market and industry factors; • Tested the accuracy of management's impairment model through recalculation; • Compared the forecast information used in the assessment to information reviewed and approved at Board level; • Evaluated the accuracy of the prior period forecast by comparing to actual current period cashflows ; • Assessed management's sensitivity analysis for each CGU's carrying value; • Performed independent sensitivity analysis on growth rate, discount rate and cash flow forecast for each CGU; and • Evaluated the related disclosures for goodwill against the requirements of IAS 36.
Key observations	Based on the work performed, we considered the key assumptions and the valuation of goodwill to be appropriate.

5.2. Accuracy of the IPM grossing assumption manual adjustment to revenue !

Key audit matter description	Total revenue amounted to £983m (2022 restated: £920m) for the year ended 31 March 2023. The Group has two main elements of revenue: 1. Policies sold directly to a retailer or through an original equipment manufacturer; and 2. Manual revenue postings made, which includes the adjustment for the IPM grossing assumption. IPMs are policies sold to customers on monthly contracts which rollover perpetually until the customer or the Group cancels them. For these policies, an estimate is required in assigning an appropriate plan life in order to calculate sales, deferred income and trade receivables. The IPM grossing assumption is estimated each year by adjusting for any changes in the average period of cover using a management-built model which predicts the average length of an IPM policy by simulating the lifespan of a policy using cancellation data. The assumption used by management for the average length of an IPM policy is three years. We identified this manual adjustment to the two component parts of revenue, sales and deferred as a key audit matter due to the following: • Highly judgemental assumption derived from a management-built model; • Sensitivity of the amount of the two component parts of revenue, sales and deferred income, to a change in this assumption; and • Quantitative materiality of the balance subject to this assumption, as well as the growth of this type of revenue as a proportion of Group's total book. Refer to note 3 (Accounting policies) and note 4A (Critical estimates and judgements) of the financial statements.

Independent auditor's report to the members of Galaxy Finco Limited continued

How the scope of our audit responded to the key audit matter	We have gained an understanding of management's process for estimating the manual adjustment to the two component parts of revenue, sales and deferred income, and obtained an understanding of relevant controls. In addition, we performed the following audit procedures: • Challenged the assumptions used in management's estimation, in particular cancellation rates, by considering contradictory evidence and reasonability; • Performed a stand back assessment; • Performed an independent assessment of the IPM assumption by tracing a sample of IPM policies to appropriate supporting documentation; • Tested a sample of IPM policies to determine whether the IPM gross up is being applied correctly for the relevant financial statement line items impacted; • Tested the completeness and accuracy of data used to calculate the adjustment; and • Evaluated the disclosures made in the financial statements against the requirements of the relevant accounting standards.
Key observations	Based on the work performed, we considered the IPM grossing assumption manual adjustment made to the two component parts of revenue, sales and deferred income, to be appropriate.

6. Our application of materiality

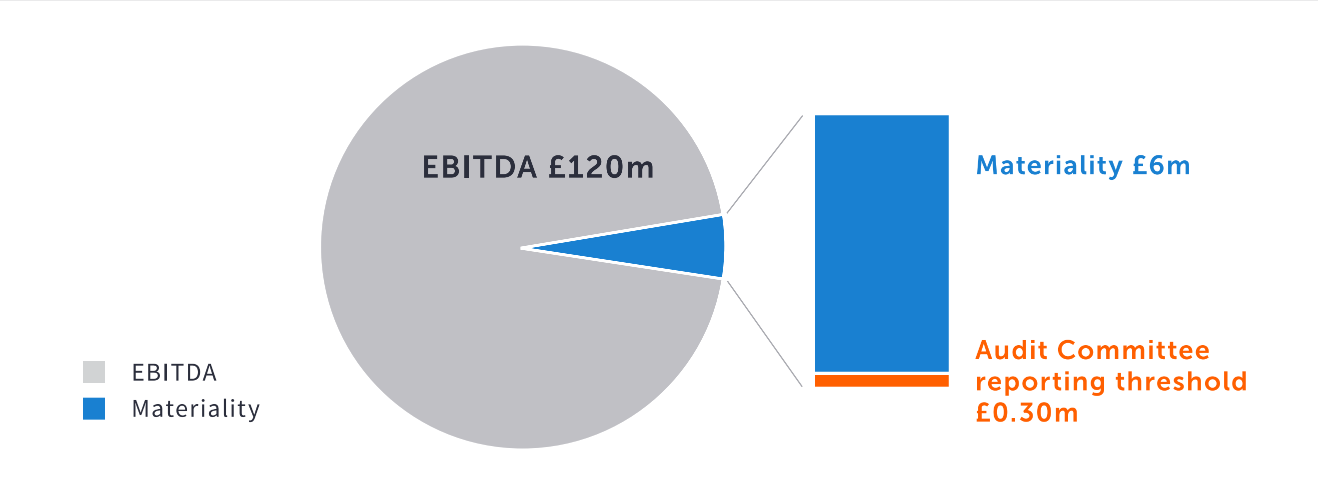
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£6.0m (2022: £7.4m)
Basis for determining materiality	5.0% of earnings before interest, tax, depreciation and amortisation ("EBITDA") (2022: 0.8% of total revenue).
Rationale for the benchmark applied	In the current year, we have changed our benchmark consideration from total revenue to EBITDA. We have used our increased understanding of the business, its business objectives and the important benchmarks to investors and stakeholders to determine this as an appropriate basis for materiality. As with other private equity owned businesses, the key benchmark to the shareholders is EBITDA. Additionally, EBITDA is a key performance indicator for management which supports the increased focus on EBITDA than on total revenue.

Independent auditor's report to the members of Galaxy Finco Limited continued



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Group performance materiality was set at 65% of the Group materiality for the 2023 audit (2022: 65%). In determining performance materiality, we considered the following factors:

a. our risk assessment including our assessment of the Group's overall control environment; we did not consider it appropriate to rely on business processes and financial reporting controls;
b. our experience of the audit, including our consideration of the number of corrected and uncorrected misstatements identified in prior periods; and
c. change in senior management in recent years.

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £300k (2022: £369k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Given the number of components and operating locations within the Group including UK, continental Europe (Germany, Spain, Italy and Portugal), Australia, New Zealand and the US, we assessed the extent of audit work required to be performed for each component in order to gather sufficient audit evidence to reduce the risk of material misstatement and to give appropriate coverage for the purposes of the Group financial statement audit. Our approach considered revenue contribution to the Group as primary measure of financial significance and scope.

Of the Group's total reporting components, consistent with the prior year, we subjected:

- Four components to full scope audits. These are Domestic & General Services Limited ('DGS'), Domestic & General Insurance plc ('DGI'), and the holding companies, Galaxy Finco Limited ('Finco') and Galaxy Bidco Limited ('Bidco'); and
- Three components to an audit of certain account balances, classes of transactions or disclosures. These are the international components of Germany, Spain and Portugal. Those subjected to an audit of certain account balances, classes of transactions or disclosures are not individually financially significant enough to require full scope audit of the financial information of the component but represent specific areas of risk which needed to be addressed.

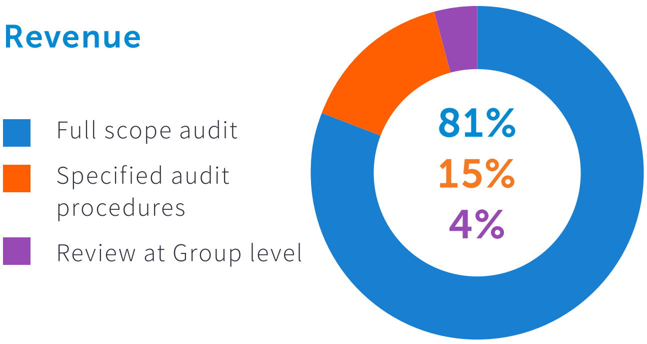
Coverage obtained on this basis was 96% (2022: 96%) of revenue and 91% (2022: 90%) of total assets. Materiality is set for each significant component in line with the component's proportion of the chosen benchmark. This is capped at the lower of 60% of Group materiality and the component materiality determined for a standalone audit. Component materialities for entities within the scope of our Group audit ranged from £2.7m to £3.6m.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm

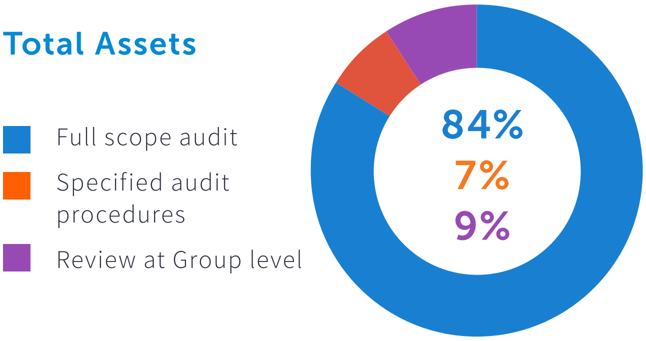
Independent auditor's report to the members of Galaxy Finco Limited continued

our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to full audit.

Revenue



Total Assets



7.2. Our consideration of the control environment

IT Controls

In planning our audit, we identified 10 systems and IT tools that were material to the Group's financial reporting processes. These systems handled data relating to premiums, claims, expenses and payroll. With the involvement of our IT specialists, we obtained an understanding of the relevant IT controls as well as the wider general IT controls environment across the Group, including the IT controls associated with the policy administration system. We were able to rely upon IT controls around the policy administration system, while management continue to implement control improvements around other Group systems and tools.

Business processes and financial reporting controls

In planning our audit, we identified and obtained an understanding of business processes that were material to the Group's financial reporting processes. These processes spanned the Group's material transactions and account balances including the premiums, claims, expenses, investments, goodwill, and reserving processes. We did not place reliance upon the controls associated with these business processes identified as we identified deficiencies for which management continue to implement control improvements to the Group's overall control environment.

7.3. Our consideration of climate-related risks

The Group's climate change risks are discussed within the Strategic report, other risks section at page 74.

We reviewed management's climate change risk assessment and own risk & solvency assessment ('ORSA') to understand the Group's process for considering the impact of climate related risks and controls.

We assessed management's analysis for risk considerations of climate change by performing an independent climate change risk assessment, including impact of the flood risk on property, plant and equipment.

We read the climate change related disclosure within the strategic report to consider whether it is materially consistent with the financial statements, our knowledge obtained during the audit and with the requirements under FRC thematic review on streamlined energy and carbon reporting ("SECR").

7.4. Working with other auditors

Work on three international components, Germany, Spain and Portugal, was undertaken by a Deloitte overseas component audit team. The other four components, DGI, DGS, Bidco and Finco, were audited by the UK Group audit team. We directed and supervised the component team in the performance of their work through providing detailed instructions setting out the work to be performed, having regular conference calls with the team throughout the audit and by performing a review of their audit working papers over a video conference.

8. Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine

Independent auditor's report to the members of Galaxy Finco Limited continued

whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Board on 29 June 2023;
- results of our enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of goodwill and the accuracy of IPM grossing assumption manual adjustment to revenue. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements.

Independent auditor's report to the members of Galaxy Finco Limited continued

The key laws and regulations we considered in this context included the Companies Act 2006 and Companies (Jersey) Law.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of goodwill and the accuracy of the IPM grossing assumption manual adjustment to revenue as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA");
- obtaining an understanding of the control around various manual adjustments, and the reconciliation to underwriting details and results;
- performing stand back procedures to independently challenge the Group's results by comparing trends to the results of major suppliers and the wider warranty insurance industry;
- assessing contracts of major repair agencies handling claims for the Group for updates in terms and conditions compared to prior years for changes in repair/claim rates; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Addis (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

29 June 2023

For the year ended
31 March 2023

Financial Statements

For information on the Report of the Independent Auditor **see page 97**

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Revenue	6	983.4	920.2
Operating costs			
– Other operating costs	9	(868.2)	(811.3)
– Depreciation and amortisation	9	(51.4)	(48.1)
– Impairment gain/(loss) on financial assets	9	4.2	(0.3)
Operating profit		68.0	60.5
Net investment income/(expense)	7	0.2	(0.3)
Finance costs	8	(61.6)	(56.1)
Profit before taxation		6.6	4.1
Tax	12	0.4	(6.1)
Profit/(loss) for the year		7.0	(2.0)

*Refer to note 2B for further information.

The total profit/(loss) for the year is attributable to the equity shareholders of the Group.

All business above is from continuing operations.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Profit/(loss) for the year		7.0	(2.0)
Revaluation for the year		(1.0)	-
Tax on revaluation		0.2	-
Currency translation differences		2.6	(0.3)
Changes in fair value of investments through OCI		(0.5)	(1.2)
Effective portion of changes in fair value of cash flow hedges – hedging reserves	18	0.8	(0.3)
Total comprehensive profit/(loss) for the year	27	9.1	(3.8)

*Refer to note 2B for further information.

The total comprehensive profit/(loss) for the year is attributable to the equity shareholders of the Group.

All components of other comprehensive profit/(loss) may be subsequently reclassified to the income statement.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2023

	Note	31 March 2023 £m	Restated* 31 March 2022 £m	Restated* 1 April 2021 £m
Assets				
Goodwill and intangible assets	14	441.5	462.5	472.4
Property, plant and equipment	13	39.3	27.9	28.6
Non-current assets held for sale	13	6.3	7.3	7.3
Deferred acquisition costs	15	295.7	267.7	250.3
Financial investments	17	104.4	102.7	109.2
– at fair value through other comprehensive income		42.2	42.5	-
– at fair value through profit and loss		62.2	60.2	109.2
Deferred tax assets	16	9.9	11.2	9.6
Derivative asset	18	0.2	1.0	-
Trade and other receivables	21	978.5	872.9	776.2
Current tax asset		7.5	2.4	-
Cash and cash equivalents	22	30.3	33.9	71.0
Total assets		1,913.6	1,789.5	1,724.6
Liabilities				
Loans and borrowings	25	816.9	793.0	798.5
Deferred tax liabilities	16	30.7	30.5	25.8
Deferred income	23	966.8	892.3	839.3
Claims and repair costs provision	24	32.1	33.0	30.9
Current tax liability		-	-	0.8
Derivative liability	18	8.2	13.9	12.3
Trade and other payables	26	231.5	208.5	194.9
Total liabilities		2,086.2	1,971.2	1,902.5
Equity				
Share capital	27	89.9	89.9	89.9
Other reserves	27	(0.9)	(3.0)	(1.2)
Accumulated loss	27	(261.6)	(268.6)	(266.6)
Total equity		(172.6)	(181.7)	(177.9)
Total equity and liabilities		1,913.6	1,789.5	1,724.6

*Refer to note 2B for further information.

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 29 June 2023 and were signed on its behalf by:

J Fitzgerald
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 March 2023

	Note	Ordinary share capital £m	Share premium £m	Hedging reserves £m	Other reserves £m	Revaluation reserves £m	Accumulated loss £m	Total equity £m
Other comprehensive profit for the year								
At 1 April 2022		0.9	89.0	(2.7)	(3.7)	3.4	(268.6)	(181.7)
Profit for the year		-	-	-	-	-	7.0	7.0
Revaluation for the year		-	-	-	-	(1.0)	-	(1.0)
Tax on revaluation		-	-	-	-	0.2	-	0.2
Other comprehensive profit for the year	18, 27	-	-	0.8	2.1	-	-	2.9
Balance as at 31 March 2023		0.9	89.0	(1.9)	(1.6)	2.6	(261.6)	(172.6)

	Note	Ordinary share capital £m	Share premium £m	Hedging reserves £m	Other reserves £m	Revaluation reserves £m	Accumulated loss £m	Total equity £m
As previously stated at 1 April 2021		0.9	89.0	(2.4)	(2.2)	3.4	(256.4)	(167.7)
Adjustment		-	-	-	-	-	(10.2)	(10.2)
Restated at 1 April 2021*		0.9	89.0	(2.4)	(2.2)	3.4	(266.6)	(177.9)
Loss for the year		-	-	-	-	-	(2.0)	(2.0)
Other comprehensive loss for the year	18, 27	-	-	(0.3)	(1.5)	-	-	(1.8)
Balance as at 31 March 2022		0.9	89.0	(2.7)	(3.7)	3.4	(268.6)	(181.7)

*Refer to note 2B for further information.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Profit before taxation		6.6	4.1
Adjustments for:			
Depreciation of owned property, plant and equipment	13	3.8	5.6
Depreciation of leased property, plant and equipment	20	3.0	2.8
Amortisation of software	14	27.2	22.3
Amortisation of acquired intangible assets	14	17.4	17.4
Finance costs	8	61.6	56.1
Net investment (income)/expense	7	(0.2)	0.3
Impairment (gain)/loss on financial assets	9	(4.2)	0.3
		115.2	108.9
Changes in working capital			
Increase in deferred acquisition costs		(23.4)	(16.6)
Increase in trade and other receivables		(93.7)	(95.4)
Increase in deferred income		67.1	52.3
(Decrease)/increase in claims and repair costs provision		(1.2)	2.0
Increase in trade and other payables		17.9	13.2
Cash flows from operating activities		81.9	64.4
Interest paid		(54.6)	(52.2)
Taxes paid		(3.2)	(6.2)
Net cash from operating activities		24.1	6.0
Cash flows (used in)/from investing activities			
Increase in property, plant and equipment	13 B	(5.8)	(8.1)
Acquisition of software	14	(23.1)	(30.1)
Withdrawal from money market funds		4.2	45.2
Disposals/(acquisitions) of financial instrument investments		0.1	(43.6)
Net cash used in investing activities		(24.6)	(36.6)
Cash flows used in financing activities			
Repayment of lease liability	20 (iv)	(1.6)	(3.8)
Amounts paid to related parties		(1.9)	(2.5)
Net cash used in financing activities		(3.5)	(6.3)
Net decrease in cash and cash equivalents		(4.0)	(36.9)
Effects of exchange rates		0.4	(0.2)
Cash and cash equivalents at beginning of the year		33.9	71.0
Cash and cash equivalents at the end of the year	22	30.3	33.9

*Refer to note 2B for further information.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Galaxy Finco Limited (the ‘Company’) is a public company incorporated in Jersey and the Company’s registered office address is 27 Esplanade, St Helier, Jersey, JE1 1SG. These consolidated financial statements for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the ‘Group’). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

2. Basis for preparation and prior period restatements

A. Basis for preparation

The Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies (Jersey) Law, International Financial Reporting Standards (‘IFRSs’) as adopted by the United Kingdom and IFRSs as issued by the International Accounting Standards Board (‘IASB’).

The financial statements are presented in pounds Sterling and are rounded to the nearest one hundred thousand pounds. They are prepared on the historical cost basis except for certain financial instruments which are held at fair value through the income statement and financial instruments and freehold buildings which are held at fair value through other comprehensive income (unless this is a reversal of a previous loss reported through the income statement).

The Directors believe that the Group has sufficient financial resources to meet its financial needs and that the Group is well positioned to manage its business risks successfully in the current economic climate. The Financial Review (starting on page 18 of the Strategic Report), includes commentary on the Group’s cash flows and capital position. The Group’s Budget indicates that the Group will continue to maintain levels of solvency in line with its risk appetite across the planning cycle (to 31 March 2028). These long-term models and detailed forecasts incorporate expected cash receipts and payments when they are expected to fall due. The Group has an established track record of predictable recurring revenue and stable claims ratios, which means forecasts are considered to have a high degree of accuracy. There are no known material contingent assets or liabilities that impact liquidity for the foreseeable future and thus the forecasts are considered a materially accurate base from which to assess going concern requirements.

Increased inflation and ongoing geo-political factors have caused disruption to the economy and financial markets globally, and the full extent of the potential impacts remain unknown. Overall, we have not seen a material impact on the trading performance of the Group, with stable performance seen throughout the period and resilient cash flow performance demonstrating the strength of our business model. A reasonable estimate of the impact of these factors on the Group has been incorporated into the Board approved budget which forms the basis of the going concern analysis.

The Directors have prepared base case cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicates that the Group and the Company will be able to operate with adequate levels of both liquidity and capital over that period.

The Directors have also considered a severe but plausible downside scenario which incorporates reductions in sales and increases in cancellation rates. The Group’s assessment takes into account the recent acquisition of After Inc, referred to on page 3 of the Strategic Report and note 35 in the financial statements. This indicates that the Group and the Company will be able to operate with adequate levels of both liquidity and capital for a period of at least 12 months from the date of approval of these financial statements.

After performing this assessment, the Directors have a reasonable expectation that the Group has adequate resources to meet its debt obligations and continue its operations for a period of at least 12 months from the date of approval of these financial statements. No material uncertainties that may cast significant doubt on the ability of the Group to continue as a going concern have been identified. The Directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 March 2023.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Standards adopted during the year ended 31 March 2023

The Group has adopted the following new amendments to IFRSs and International Accounting Standards ('IASs') that became mandatorily effective for the Group for the first time in the financial year. The amendments have been issued and endorsed by the UK Endorsement Board ('UKEB') and do not have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 16, 'Property, Plant and Equipment: Proceeds before intended use' issued in May 2020 and effective for reporting periods beginning on or after 1 January 2022.
- Amendments to IAS 37 'Onerous contracts – Cost of fulfilling a contract' issued in May 2020 and effective from 1 January 2022.
- Amendments to IFRS 9 'Financial Instruments' issued in May 2020 and effective from 1 January 2022.

New, amended and revised statements and Interpretations

The following new standards and amendments to existing standards have been issued, are not yet effective for the Group and have not been adopted early by the Group:

IFRS 17 Insurance Contracts effective for periods beginning on or after 1 January 2023

IFRS 17 Insurance Contracts' is a new accounting standard that provides for a comprehensive and consistent approach to accounting for insurance contracts. It is effective for the Group for the annual reporting period beginning 1 April 2023 and replaces IFRS 4, which was issued in 2005 and was largely based on grandfathering previous local accounting policies. The Group is implementing IFRS 17 retrospectively as of 1 April 2023, the opening balance sheet date for comparative information being 1 April 2022, which is also known as the transition date.

The adoption of IFRS 17 does not change the classification of the Group's insurance contracts, but IFRS 17 does establish specific principles for the recognition, measurement and disclosure of insurance contracts issued by the Group. In addition, IFRS 17 will have an impact on the presentation of the Group's consolidated financial statements.

The Group has undertaken significant work in relation to the implementation of IFRS 17 and at this stage, the majority of key judgements and the quantification of those judgements have been finalised.

The core of IFRS 17 is the general measurement model ('GMM'), supplemented by a simplified approach known as the premium allocation approach ('PAA') for those contracts which meet certain criteria. The current expectation is that the Group expects it's insurance contracts issued to be eligible to be measured by applying the PAA method.

The Group does not expect IFRS 17 to have a material impact on the Group's strategy, solvency or cash generation. The final quantification of its impact of the Group's financial statements remains outstanding pending finalisation of any remaining accounting judgements and the consequential impact on modelling of results. The key elements of the IFRS 17 which are expected to impact the Group's equity on transition, and profit or loss after transition, are the:

- treatment of acquisition costs;
- introduction of a risk adjustment for non-financial risk, replacing some of the IFRS 4 margins; and
- effect on the timing of revenue recognition for certain insurance contracts, arising from changes in the calculation of the underlying earnings patterns.

Other amendments

The following new standards and amendments to existing standards have been issued, are not effective for the current reporting period and are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to IAS 1 'Classification of liabilities as current or non-current' issued in January 2020 and effective from 1 January 2023.
- Amendments to IAS 1 relating to the disclosure of accounting policy and materiality judgements, effective from 1 January 2023.
- Amendments to IAS 8: 'Accounting policies, change in accounting estimates and errors' relating to the definition of accounting estimates, effective from 1 January 2023.
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction': issued in May 2021 and effective from 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

B. Prior period restatements

Comparative figures for the 2022 financial year have been restated to adjust for recently identified prior year errors. These relate to data used in the Group's deferred acquisition costs model, the calculation of unearned premium and the accounting for certain trade receivables and payables. They have an impact on both the Income Statement and Statement of Comprehensive Income and the Balance Sheet. In addition, since part of the adjustment is attributable to errors which relate to the 2021 financial year, the opening balances have been restated, as disclosed in the Balance Sheet and Statement of Changes in Equity.

The impact of these restatements on the 2022 comparative figures are as follows:

- **Income Statement and Statement of Comprehensive Income**: Revenue decreased by £4.2m and operating costs decreased by £2.8m resulting in a decrease in profit before taxation of £1.4m. Tax on profit correspondingly decreased by £0.2m. Loss for the financial year increased by £1.2m.
- **Balance Sheet**: Deferred acquisition costs decreased by £9.1m, trade and other receivables increased by £2.1m, deferred income increased by £9.0m, trade and other payables decreased by £3.4m, the current tax asset increased by £1.2m and the closing accumulated loss account increased by £11.4m.

The impact of these restatements on the 2022 opening position as at 1 April 2021 is as follows:

- **Balance Sheet**: Deferred acquisition costs decreased by £8.2m, deferred income increased by £4.7m, trade and other payables decreased by £1.7m, the current tax asset increased by £1.0m and the closing accumulated loss account increased by £10.2m.
- **Statement of Changes in Equity**: Opening retained earnings for the accumulated loss account as at 1 April 2021 have increased by £10.2m from £256.4m to £266.6m. The loss for the financial year has increased by £1.2m.

The impact of these restatements on the notes to the financial statements for 2022 comparative figures has been detailed in notes: 5, 6, 9, 12, 15, 19, 21, 23, 26, 27 and 33.

3. Accounting policies

A. Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries. Subsidiaries are those entities in which the investor has control and is exposed or has rights to variable returns from its involvement.

Control exists when the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, all intercompany transactions, balances, income and expenses between Group entities are eliminated on consolidation.

B. Sales, revenue and deferred income

Sales consist of amounts invoiced in respect of appliance care service plans, gross premium income in respect of insurance business, commissions receivable and sales invoiced in respect of other support services, net of cancellations and exclude insurance premium tax, VAT, or equivalent local taxes as applicable.

Deferred income on appliance care service plans and insurance business comprises the deferral of revenue to cover the service or other obligation under the contract as the period of unexpired risk 'earns' accordingly and is computed separately for each contract. The provision is calculated on the 24ths basis for contracts up to one year. For contracts in excess of one year, the time apportionment basis is suitably modified so that the revenue recognition pattern matches the risk profile. A portion of the deferred income balance relates to boiler service fees and Australia service plan fees. This income is recognised when the performance obligations are met in line with IFRS 15: Revenue Recognition.

For plans sold with an indeterminate period of cover, an estimate of the average plan term is calculated based on historical data. The revenue represents the initial price paid by the customer at inception date and is recognised in line with the risk profile. Any future price increases are recognised in the year that they relate to.

Revenue represents the amounts recognised in the current year relating to appliance care service plans and insurance business, net of cancellations, in accordance with the earnings patterns described above. These contracts meet the definition of an insurance contract under IFRS 4: Insurance Contracts and are accounted for under this standard. Revenue

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

recognition commences when cover starts for appliance care service plans. For boiler service fees, these are accounted for on completion of a boiler service in line with IFRS 15: Revenue Recognition. The policies include an annual service, therefore the performance obligations will be met within 12 months. For Australia service plan fees accounted for in line with IFRS 15, the portion of the price allocated to claims handling and administration service obligations is deferred, as a deferred income contract liability, and recognised as revenue over the profile of claims throughout the policy term, which is on average five years.

C. Acquisition costs

Acquisition costs comprise commission and other expenses incurred on acquiring service plan and insurance business.

Deferred acquisition costs represent the proportion of acquisition costs incurred that corresponds to the proportion of sales which have not been recognised as revenue at the balance sheet date. Acquisition costs are charged to the income statement in line with the earnings profiles of the related plans and policies. Commission and marketing costs written on insurance plans with indeterminate terms are recognised as acquisition costs on an annual basis as the costs are incurred in each year of the contract.

D. Finance costs

Finance costs comprise the interest expense on loans and borrowings and deferred financing costs which are calculated using the effective interest rate method.

E. Employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

F. Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case the applicable taxation on that item is also recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxation payable in previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future, and where the Group has control of the timing of any disposal. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. In accordance with the requirements of IAS 12, since the customer and OEM relationships are amortised and give rise to temporary differences, deferred tax is recognised as appropriate.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

G. Provisions

Cover is provided to policyholders on a reported basis i.e. the policyholder must report any claim within a valid period of cover. The claims and repair costs provision comprises provisions for the estimated costs of paying all claims and repairs incurred up to the balance sheet date but not reported, together with claims reported which are not yet approved. Estimation techniques and assumptions are periodically reviewed with any changes in estimates reflected in the income statement as they occur. Claims approved but not yet settled are included within trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Provision is also made, where necessary, when the expected value of claims, repairs and administrative expenses attributable to the unexpired periods of service plans and policies in force at the balance sheet date exceeds the provision for deferred income in relation to such service plans and policies after deduction of deferred acquisition costs. Any provision is calculated separately for each category of business but surpluses and deficits between categories that are managed together are offset and disclosed as an unexpired risk reserve if in respect of insurance business.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable, or the amount cannot be reasonably estimated.

H. Investments and other financial assets

i. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through the income statement), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the income statement or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI'). The Group reclassifies debt investments when its business model for managing those assets changes.

ii. Recognition and derecognition

Purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three categories which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the income statement and recognised in net investment (expense)/income. Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the income statement.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the income statement and presented net within other gains/(losses) in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Equity instruments

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the income statement following the derecognition of the investments. Dividends from such investments continue to be recognised in the income statement as investment income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognised in the income statement.

iv.Impairment

The Group assesses on a forward-looking basis the Expected Credit Loss ('ECL') associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument, whereas 12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses and is measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive; and
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of loss allowances in the balance sheet

Loss allowances for ECL are presented as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance is recognised in OCI and does not reduce the carrying amount of the financial asset in the balance sheet.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities, in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

I. Financial liabilities

i. Classification

The Group classifies its financial liabilities, into one of the following categories:

- financial liabilities at FVTPL, and within this category as:
  - held-for-trading;
  - derivative hedging instruments; or
  - designated as at FVTPL; and
- financial liabilities at amortised cost.

ii. Recognition and derecognition

The Group recognises loans and borrowings on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement. If a financial liability measured at amortised cost is modified but not substantially, then it is not derecognised.

iii. Measurement

A financial liability is initially measured at fair value plus, for a financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial liabilities at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognised in the income statement, unless they arise from derivatives designated as hedging instruments.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

J. Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserves. Any ineffective portion of the hedge is recognised immediately in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are recycled into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

K. Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised in the income statement on a straight-line basis over the estimated useful economic lives of each item of plant and equipment.

The estimated useful economic lives are as follows:

Computer equipment	3 – 4 years
Motor vehicles	4 years
Fixtures, fittings and equipment	4 – 7 years

Properties are held at open market value, as determined by independent professionally qualified valuers. These valuations are undertaken every three years to ensure that the carrying amount at the end of a reporting period does not differ materially from its fair value. In the intervening years, these valuations are reviewed by the Directors and are adjusted if the fair value differs materially from its carrying amount.

A revaluation surplus is credited directly to equity under the heading of revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, then it is credited to the income statement to that extent. Revaluation decreases are charged against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset. Any balance on the revaluation decrease is then recognised as an expense in the income statement. Revaluation surpluses are transferred to retained earnings on disposal of the asset.

The gain or loss arising on disposal of assets is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement. The useful economic lives and residual values of plant and equipment are reassessed annually.

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If such an indication exists, the asset's recoverable amount is estimated, and where this falls below carrying value, an impairment is booked.

L. Intangible assets

i. Goodwill

Goodwill arises on the acquisition of subsidiaries and when the acquisition method of accounting for business combinations is applied. Goodwill represents the excess of the consideration transferred over the Group's interest in the net fair values of the net identifiable assets.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ('CGUs') and the Group regularly monitors the development of the profile of cash inflows in the CGUs to evaluate whether there has been a change in composition on a sustained basis for these CGUs. Goodwill is tested annually for impairment.

ii. Intangible assets acquired in a business combination

Business combinations are reviewed to identify any additional assets that meet the definition prescribed by IAS 38 Intangible Assets. An intangible asset shall be recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset controlled will flow to the entity and the cost of the asset can be measured reliably.

Specifically, any value identified in customer and client relationships is capitalised as an intangible asset. The fair value of customer and client relationships is determined on the basis of the present value of expected future cash flows. Intangible assets acquired in a business combination are subsequently stated at cost less accumulated amortisation and impairment losses.

iii. Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

iv. Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

v. Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, from the date they are available for use. Goodwill is not subject to amortisation.

The estimated useful lives are as follows:

Software costs and licences	4 – 10 years
Customer relationships and other	3 – 7 years
Original equipment manufacturer ('OEM') relationships	15 years

vi. Impairment

Goodwill is tested for impairment annually even if no indication of impairment exists.

An impairment loss is recognised in the income statement if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

M. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and term deposits with an original term date of less than three months.

N. Foreign currencies

i. Foreign operations

The results of overseas branches and subsidiaries are translated into the Group's presentation currency, Sterling, at the average rate of exchange during the year. Assets and liabilities of overseas branches and subsidiaries are translated at the year-end exchange rate. Foreign exchange differences arising on the translation of the results and balance sheets are recognised in other comprehensive income and taken to other reserves within equity.

ii. Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of Group entities at exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

O. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

P. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the rights to:

- obtain substantially all the economic benefits from using the asset; and
- direct use of the asset.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

As a lessee

The Group recognises a right-of-use asset and a corresponding lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group generally uses its incremental borrowing rate as the discount rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modification or reassessments. Depreciation on lease assets and interest on lease liabilities is recognised in the income statement.

The Group presents its right-of-use assets in 'Property, plant and equipment – Other leased' and lease liabilities in 'Loans and borrowings' in the balance sheet.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Where the Group is the lessor, leases are classified as finance leases if the risks and rewards of ownership are substantially transferred to the lessee and operating leases if they are not substantially transferred. Lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term.

When assets are subject to finance leases, the present value of the lease payments, together with any unguaranteed residual value, is recognised as a receivable. The Group has not entered into any material finance lease arrangements as lessor.

4. Estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Directors to select accounting policies and make estimates and assumptions that affect items reported in the consolidated income statement, consolidated balance sheet, other primary statements and notes to the consolidated financial statements.

The Group's principal accounting policies are set out on pages 114 to 121. The judgements and assumptions involved in the Group's accounting policies that are considered by the Board to be the most important are discussed below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are highlighted below:

A. Critical estimates and judgements

i. Estimate: Measurement of recoverable amount of goodwill contained in CGUs

The recoverable amounts of the CGUs are determined from value-in-use calculations based on the net present value of future cash flows of each CGU. The key assumptions for the value-in-use calculations are the underlying Board approved cash flow forecasts and those regarding discount and growth rates. The Group prepares cash flow forecasts derived from its most recent business plans over a three-year period. The uncertainty caused by rising inflation and geo-political factors means that the economic environment over the short to medium term retains a degree of inherent uncertainty.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A reasonable estimate of the impact of these factors on the Group has been incorporated into the Board-approved Budget, which forms the basis for the value in use calculation. Additionally, a premium continues to be factored into the discount rate to reflect the uncertainty of the timing and amount of the cash flows in the assessment of the recoverability of goodwill and intangible assets.

The main assumptions upon which the cash flow projections are based include sales volumes and prices, claims costs, revenue growth, operating margins, retention rates and cancellation rates. Further details are disclosed in note 14.

ii. Judgement: Prepayments and receivables

Material prepayments and receivables are assessed based on management's judgements on the future recoverability of these balances in accordance with forecast financial information, agreed contractual terms, and with regards to the credit worthiness of the specific counterparty.

iii. Judgement: Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in determining these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions, other external factors and forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 33.

iv. Judgement relating to earning patterns

For sales arising on appliance care service plans and insurance business, judgement is required in selecting appropriate earnings patterns for the business underwritten and associated acquisition costs, in particular for contracts where there is uncertainty in respect of the risk profile. Earnings patterns are determined with reference to the inception and expiry dates of the policies concerned and the expected pattern of risk emergence of the policy.

v. Estimate: Claims and repair cost provision

Details for the process to determine the assumption and changes in assumptions for measuring claims and repair cost provisions are disclosed in note 24.

vi. Estimate: Insurance plans with indeterminate terms

For plans sold with an indeterminate period of cover, an estimate is required in assigning an appropriate plan life in order to calculate sales, deferred income and trade receivables. Based on historical data, management have estimated this to be three years. This is reviewed on an ongoing basis and no changes were required during the financial year ended 31 March 2023. This increase from 12 months to 3 years is based on the initial price paid by the customer at the plan inception date and does not include any future increase in price over the three years which is accounted for in the year which it arises. The impact of this estimate on the income statement of increasing from 12 months to 3 years is to increase both sales and the deferred income movement as disclosed in note 6 by £35.8m (31 March 2022: £32.9m). The impact on the balance sheet is to recognise an additional trade receivables balance as disclosed in note 21 of £295.8m (31 March 2022: £259.4m) and a corresponding increase in deferred income as disclosed in note 23. If future data showed that the average period of cover had increased this would result in additional sales being written at the plan inception date and a corresponding increase in deferred income and trade receivables. The commission and marketing costs in relation to these plans are recognised on an annual basis as they are incurred as laid out in the accounting policies above.

B. Changes in accounting estimates

- In FY23, following a review of the useful economic life ('UEL') of software assets, the Group revised the UEL of certain assets based on the expected future consumption of economic benefits following the implementation of new platforms and a revised IT infrastructure strategy. This resulted in an additional amortisation charge of £8.2m in the year with a corresponding benefit in future years. The impact of this is shown within the FY23 amortisation charge in note 14.
- In FY23 the Group refined the methodology used in calculating expected credit losses for trade receivables. This refinement resulted a £5.1m decrease in ECL. The Group considers it impractical to estimate the future impacts to the expected credit loss. The impact of this is shown within the FY23 movement in expected credit losses in notes 9 and 21.

5. Segmental Analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, to allocate resources to the segments and to assess their performance. The Group's reporting segments are those used internally by management to run the business and make decisions. These are based on products and services as well as the major factors that influence the performance of these products and services across the geographical locations in which the Group operates.

A. Segmental structure

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer the same products and services to varying degrees but are managed separately because they require different operational, risk management and marketing strategies. The following summary describes the reportable segment product offering.

		International				
Year ended 31 March 2023	UK	Europe & Other	US	Total International	Other	Group
Revenue						
Subscription	749.2	115.5	6.1	121.6	-	870.8
Cash and other revenue	41.2	71.4	-	71.4	-	112.6
	790.4	186.9	6.1	193.0	-	983.4
Profit/(loss) before taxation	72.9	21.0	(8.9)	12.1	(78.4)	6.6
Non-current assets[1]	788.1	62.0	10.2	72.2	-	860.3

		International				
Restated* Year ended 31 March 2022	UK	Europe & Other	US	Total International	Other	Group
Revenue						
Subscription	708.8	94.0	0.3	94.3	-	803.1
Cash and other revenue	45.0	72.1	-	72.1	-	117.1
	753.8	166.1	0.3	166.4	-	920.2
Profit/(loss) before taxation	72.1	12.4	(6.0)	6.4	(74.4)	4.1
Non-current assets[1]	783.1	41.3	7.3	48.6	-	831.7

*Refer to note 2B for further information.

[1] Non-current assets comprise property, plant and equipment, intangible assets, goodwill and trade and other receivables expected to be received after 12 months.

6. Revenue

	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Sales	1,050.5	974.1
Deferred income movement	(67.1)	(53.9)
Total Revenue	983.4	920.2

*Refer to note 2B for further information.

The total sales recognised in relation to boiler service fees is £17.2m (31 March 2022: £15.9m) and the total deferred income movement in relation to boiler fees is £(0.6)m (31 March 2022: £(1.0)m).

The total sales recognised in relation to Australia service plan fees is £nil (31 March 2022: £4.2m) and the total deferred income movement in relation to these service fees is £9.9m (31 March 2022: £5.5m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Net investment income/(expense)

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Net realised gains/(losses)	0.2	(0.3)

8. Finance costs

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Interest payable on external loans and borrowings	50.5	48.7
Interest payable on shareholder loans and borrowings	0.7	0.7
Interest expense on lease liabilities	1.0	0.7
Other finance costs	9.4	6.0
	61.6	56.1

9. Profit before taxation

The following items have been included in arriving at the profit before taxation:

	Notes	Year ended 31 March 2023 £m	Restated[1] Year ended 31 March 2022 £m
Auditor's remuneration	10	1.1	1.0
Employee costs – excluding those included in acquisition costs	11	84.2	75.8
Depreciation of owned PPE	13 B	3.8	5.6
Depreciation of leased PPE	20 ii)	3.0	2.8
Amortisation of software	14	27.2	22.3
Amortisation of intangible assets acquired in a business combination	14	17.4	17.4
Repairs and maintenance expenditure on property, plant and equipment		20.9	18.2
Repairs and claims costs		425.4	415.2
Acquisition costs		303.0	275.0
Research and development costs		1.6	1.6
Significant items		4.0	2.0
Impairment (gain)/loss on financial assets (ECL)[2]		(4.2)	0.3
Other costs		28.0	22.5
Total		915.4	859.7

Significant items included in other operating costs:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
IFRS 17 costs	2.3	-
Restructuring costs	2.1	1.8
Transaction related costs	1.0	-
Customer First	(1.4)	-
Brexit	-	0.2
Total	4.0	2.0

[1]Refer to note 2B for further information.

[2]In FY23 the methodology for calculating ECL was refined. Please see note 4B for further information.

Significant items represent amounts which result from unusual transactions or circumstances which warrant individual disclosure due to their nature and significance. Adjusting for such items improves comparability period on period. They represent items that are not indicative of underlying trading due to the nature of the costs and/or their non-recurring nature and are disclosed separately to assist in the understanding of the financial performance of the Group.

In FY23, a charge of £4m has been recognised for significant items primarily relating to the implementation of IFRS 17, restructuring costs and transaction related costs, partially offset by the release of a provision relating to our Customer First programme and our transition to an enhanced product offering which has now been fully completed.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Services provided by the Group's auditor and its network firms

The following table gives an analysis of the total fees (excluding VAT) in respect of services provided to the Group by Deloitte LLP:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Audit of the Group's financial statements	0.2	0.2
Audit of the subsidiary financial statements	0.6	0.5
Audit fees relating to prior year	0.1	0.1
Total audit fees	0.9	0.8
Audit related assurance	0.2	0.2
Total audit and audit related assurance fees	1.1	1.0

11. Employee costs

A. Staff costs for the Group during the year

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Wages and salaries	110.7	98.5
Social security costs	13.5	11.9
Other pension costs	6.1	6.2
	130.3	116.6

Included in staff costs is £46.1m (31 March 2022: £40.8m) that is treated as acquisition costs.

B. Average number of employees during the year

	Year ended 31 March 2023	Year ended 31 March 2022
Directors	3	3
Sales and marketing	287	243
Commercial finance and claims	182	264
Finance and administration	511	522
Contact Centres and IT	1,877	1,905
	2,860	2,937

12. Taxation

	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Current tax expense:		
Current tax on profit for the year	(4.3)	(3.0)
Adjustment to tax charge in respect of prior years	6.0	0.9
Total current tax	1.7	(2.1)
Deferred tax (charge)/credit:		
Origination/(reversal) of temporary differences	(0.8)	(2.1)
Prior year adjustments	(2.8)	-
Tax effect of amortisation of intangible assets	3.3	3.2
Movement in DTA on disallowed interest attributes carried forward	(1.0)	0.9
Impact of rate change	-	(6.0)
Total deferred tax	(1.3)	(4.0)
Total income tax credit/(charge)	0.4	(6.1)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Profit/(loss) on ordinary activities before tax	6.6	4.1
Standard rate of corporation tax in the UK	19%	19%
	£m	£m
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax	(1.3)	(0.8)
Effects of:		
Change in UK corporation tax rate on timing differences	-	(6.0)
Items disallowable for tax purposes	(1.9)	(2.0)
Adjustment to tax charge in respect of prior years	3.2	0.9
Movement in deferred tax and losses not recognised	0.9	0.9
Tax rate differences	(0.5)	-
Movement in DTA on disallowed interest attributes carried forward	-	0.9
Total income tax credit/(charge)	0.4	(6.1)

*Refer to note 2B for further information.

Factors that may affect future tax charges

The UK Government has enacted an increase in the UK corporation tax rate to 25% to take effect from 1 April 2023. This rate has been used in the calculation of the UK's deferred tax assets and liabilities as at 31 March 2023 and 31 March 2022 for those expected to reverse after 1 April 2023.

13. Property, plant and equipment

	Note	31 March 2023 £m	31 March 2022 £m
Other owned PPE	13 B	14.4	12.4
Other leased PPE	20	24.9	15.5
		39.3	27.9
Non-current assets held for sale	13 A	6.3	7.3
		45.6	35.2

A. Non-current assets held for sale

Reconciliation of carrying amount

	31 March 2023 £m	31 March 2022 £m
Balance at 1 April	7.3	7.3
Reduction to sale price	(1.0)	-
	6.3	7.3

In 2021 contracts were exchanged to sell the Group's property in Talbot Street, Nottingham for £7.3m. This sale was conditional on planning permission being granted. During FY23 planning permission was granted, which resulted in adjustments to the sale price as per the signed contract. The Directors consider the carrying value to be reflective of the valuation as at 31 March 2023. The sale was completed on 30 April 2023 for £6.3m.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

B. Other property and equipment owned

	Computer equipment £m	Fixtures, fittings and equipment £m	Total £m
Cost			
At 1 April 2022	11.0	17.4	28.4
Additions	0.8	5.0	5.8
Disposals	-	(5.9)	(5.9)
At 31 March 2023	11.8	16.5	28.3
Depreciation			
At 1 April 2022	7.2	8.8	16.0
Charge for the year	1.4	2.4	3.8
Disposals	-	(5.9)	(5.9)
At 31 March 2023	8.6	5.3	13.9
Carrying amount at 31 March 2023	3.2	11.2	14.4

	Computer equipment £m	Fixtures, fittings and equipment £m	Total £m
Cost			
At 1 April 2021	11.0	12.1	23.1
Additions	0.5	7.6	8.1
Disposals	(0.5)	(2.3)	(2.8)
At 31 March 2022	11.0	17.4	28.4
Depreciation			
At 1 April 2021	6.1	7.1	13.2
Charge for the year	1.6	4.0	5.6
Disposals	(0.5)	(2.3)	(2.8)
At 31 March 2022	7.2	8.8	16.0
Carrying amount at 31 March 2022	3.8	8.6	12.4

14. Goodwill and intangible assets

	Goodwill £m	OEM relationships £m	Customer relationships & Other £m	Software £m	Total £m
Cost					
At 1 April 2022	278.5	260.9	251.3	109.2	899.9
Additions	-	-	-	23.1	23.1
Foreign exchange	-	-	-	0.5	0.5
At 31 March 2023	278.5	260.9	251.3	132.8	923.5
Amortisation and impairment losses					
At 1 April 2022	-	144.1	251.3	42.0	437.4
Charge for the year[1]	-	17.4	-	27.2	44.6
At 31 March 2023	-	161.5	251.3	69.2	482.0
Carrying amount at 31 March 2023	278.5	99.4	-	63.6	441.5

[1] In FY23 the UEL for certain software assets was revised. Please refer to note 4B for further information.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Goodwill £m	OEM relationships £m	Customer relationships & Other £m	Software £m	Total £m
Cost					
At 1 April 2021	278.5	260.9	251.3	91.9	882.6
Additions	-	-	-	30.1	30.1
Disposals	-	-	-	(12.5)	(12.5)
Foreign exchange	-	-	-	(0.3)	(0.3)
At 31 March 2022	278.5	260.9	251.3	109.2	899.9
Amortisation and impairment losses					
At 1 April 2021	-	126.7	251.3	32.2	410.2
Charge for the year	-	17.4	-	22.3	39.7
Disposals	-	-	-	(12.5)	(12.5)
At 31 March 2022	-	144.1	251.3	42.0	437.4
Carrying amount at 31 March 2022	278.5	116.8	-	67.2	462.5

All amortisation charges in the year have been charged through operating expenses.

The goodwill acquired through a business combination is a result of the acquisition on 19 December 2013 by Galaxy Bidco Limited, a wholly owned subsidiary of Galaxy Finco Limited, of Domestic and General Group Holdings Limited.

The Group tests goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination.

The carrying amount of goodwill has been allocated to the following CGUs:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
UK	265.6	265.6
International	12.9	12.9
	278.5	278.5

The recoverable amounts of the CGUs are determined from value-in-use calculations based on the net present value of future cash flows of each CGU. The key assumptions for the value-in-use calculations are those regarding discount and growth rates. The Group prepares cash flow forecasts from the Board approved budget and the five-year forecast. The main assumptions upon which the cash flow projections are based include sales volumes and prices, claims costs, revenue growth, operating margins, retention rates and cancellation rates.

The projected cash flows were discounted using a discount rate of 12.4% at 31 March 2023 for UK and 11.4% for International (10.8% for UK and 10.9% for International as at 31 March 2022), which reflects current market assessments of the time value of money and the increased risks specific to the CGUs around the future cash flows in the current environment. As per the IAS 36 guidance, pre-tax cash flows and pre-tax discount rates have been used in our impairment assessment. Ten-year rates have been used as the basis for estimating the future cost of debt for the Group after applying Company specific adjustments.

Long-term growth is based on the projected country growth rates for the next 5 years published by the International Monetary Fund. Management has used a long-term growth rate of 1.4% for UK and 1.7% International as at 31 March 2023 and 2.1% and 2.6% for UK and International respectively as at 31 March 2022 in extrapolating the forecasts beyond the period covered in the business plan model, reflecting the economic environment prevailing in the relevant markets. The growth rate in the forecast does not exceed the long-term average growth rate for the markets in which the UK and International CGUs operate.

The outcome of the impairment assessments for all balance sheet periods presented, is that goodwill in respect of the UK and International CGUs is not impaired, and that the value-in-use is higher than the carrying value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Sensitivities of key assumptions in calculating Value-in-Use ('VIU')

Management have conducted a sensitivity analysis on the impairment test of each CGU's carrying value. A cut in the long term growth rate or a rise in the discount rate or a reduction in FY28 cash flows, taken in isolation, which would result in the recoverable amount being equal to the carrying amount (i.e. zero headroom), is presented below:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Cut in the long-term growth rate:		
UK	1.4% to -36.2%	2.1% to -15.1%
International	1.7% to > -50% [1]	2.6% to > -50%[1]
Rise in the discount rate from:		
UK	12.3% to 24.5%	10.8% to 22.2%
International	11.3% to 47.1%	10.9% to >50%[1]
Reduction in 2025 cash flows from:		
UK	£155.9m to £35.2m	£127.7m to £42.8m
International	£37.9m to -£3.5m	£21.1m to £0.0m

[1] The International CGU value-in-use is insensitive to changes in the long-term growth rate and a rise in the discount rate in FY23, due to the phasing of forecast cash inflows and outflows. In both instances, changes in the available headroom become very small at a long-term growth rate >-50% and a discount rate >50%.

The assumptions supporting the recoverable amount are not sensitive to reasonably possible adverse changes in key assumptions for the CGUs for the remaining periods. In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the model such as the external range of discount rates observable, historical performance against forecast, and risks attaching to the key assumptions underlying cash flow projections.

15. Deferred acquisition costs

	31 March 2023 £m	Restated* 31 March 2022 £m
Balance at the start of the year	267.7	250.3
Arising in the year	331.0	292.4
Amortisation for the year	(307.6)	(274.2)
Foreign exchange	4.6	(0.8)
Balance at the end of the year	295.7	267.7
Split between:		
Amounts expected to be amortised in 12 months	165.1	148.1
Amounts expected to be amortised after 12 months	130.6	119.6
	295.7	267.7

*Refer to note 2B for further information. Additionally during the year a review of our presentation for this note was performed, from this we have refined our presentation. Comparative figures have been updated for comparability purposes. This had no impact on total deferred acquisition costs included in the consolidated balance sheet or on the operating costs within the consolidated income statement.

Deferred acquisition costs ('DAC') represent the proportion of acquisition costs incurred which corresponds to the proportion of sales that have not been recognised in revenue at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Deferred tax assets and liabilities

	Assets 2023 £m	Liabilities 2023 £m	Net 2023 £m
Intangible assets	-	(24.9)	(24.9)
Capital allowances	-	(5.4)	(5.4)
Disallowed interest attributes carried forward	7.4	-	7.4
Losses	1.8	-	1.8
Other temporary differences	0.7	(0.4)	0.3
	9.9	(30.7)	(20.8)

	Assets 2022 £m	Liabilities 2022 £m	Net 2022 £m
Intangible assets	-	(28.2)	(28.2)
Capital allowances	-	(1.7)	(1.7)
Disallowed interest attributes carried forward	8.4	-	8.4
Losses	2.0	-	2.0
Other temporary differences	0.8	(0.6)	0.2
	11.2	(30.5)	(19.3)

Corporate tax losses of c.$30.0m have arisen in the USA group and losses of c.€18.7m have arisen in the German entity (DGIEU). No deferred tax assets have been recognised in respect of these losses due to the uncertainty over future taxable profits. A deferred tax asset of £7.4m has been recognised in respect of the carried forward corporate interest restriction. A further £4m of potential deferred tax asset with regards to the corporate interest restriction has not been recognised due to the uncertainty of group's ability to utilise the asset in future periods.

17. Financial investments

	FVOCI* 31 March 2023 £m	FVTPL** 31 March 2023 £m	Total 2023 £m
Money market funds	-	0.1	0.1
Investment in unlisted securities	-	60.3	60.3
Investments carried at fair value	42.2	1.8	44.0
	42.2	62.2	104.4

	FVOCI* 31 March 2022 £m	FVTPL** 31 March 2022 £m	Total 2022 £m
Money market funds	-	4.3	4.3
Investments in unlisted securities	-	55.9	55.9
Investments carried at fair value	42.5	-	42.5
	42.5	60.2	102.7

* FVOCI – Fair value through other comprehensive income
** FVTPL – Fair value through profit or loss

Investments carried at fair value through other comprehensive income and profit and loss relate to fixed income related securities which are managed by an external fund manager within investment management terms that specify, amongst other things, minimum credit ratings and maximum duration. The fair values of these are based on quoted market prices.

Investments in unlisted securities carried at fair value through profit or loss include £60.3m of investments in preference shares issued by Galaxy Finco 2 Limited (31 March 2022: £55.9m), a fellow subsidiary of the Group's immediate parent, Galaxy Midco 2 Limited and investments held in money market funds.

The value of financial assets which are expected to be recovered in less than one year is £0.1m (31 March 2022: £4.3m) and those greater than one year is £104.3m (31 March 2022: £98.4m).

18. Derivative financial instruments

	Note	31 March 2023 £m	31 March 2022 £m
Derivative asset	A	0.2	1.0
Derivative liability	B	(8.2)	(13.9)

A. Derivative asset

In 2022, the Group entered into GBP/AUD foreign exchange forward contracts for the purpose of managing the Group's exposure to movements in foreign exchange rates, in relation to future funding to be provided to the Australian business, primarily via repayment of intra-group loans. The amount and timing of the trades has been designed to correlate to expected payments over the period to January 2025. The Group has not elected to apply hedge accounting to these instruments.

The carrying value of the Group's derivative financial assets were:

	31 March 2023 £m	31 March 2022 £m
Foreign exchange forward contracts	0.2	1.0

B. Derivative liability

In 2019, the Group entered into derivative financial instruments for the purpose of converting synthetically into GBP debt, €150m of the Group's total €200m EUR Floating Rate Senior Secured Notes issued in July 2019.

The carrying value of the Group's derivative financial liabilities were:

	31 March 2023 £m	31 March 2022 £m
Current liability	3.6	3.8
Non-current liability	4.6	10.1
Total	8.2	13.9

The fair value of the derivative financial instruments is based on market quotations provided by an independent third party.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

C. Hedge accounting

The Group has elected to apply hedge accounting for those derivative instruments entered into for the purpose of managing the Group's exposure to currency fluctuations on its Euro denominated debt.

The Group has entered into the following cash flow hedge arrangements:

Hedged item	Notional (€m)	Term (years)	Maturity date
€150m of floating rate senior notes	150	4	31 July 2026

Hedging instrument – derivative liability	Notional (€m)	Term (years)	Maturity date
€150m cross currency interest rate swap	150	2	31 July 2024[1]

[1] In May 2023 the €150m cross currency interest rate swap was extended to 31 July 2025 effective from 1 May 2023 with no significant change in terms.

The above hedge mitigates the Group's exposure to adverse fluctuations in currency movements between GBP and EUR. Details of the Group's loans and borrowings are set out in note 25.

The following table sets out movements in the Group's cash-flow hedge reserves:

	31 March 2023 £m	31 March 2022 £m
Balance at 1 April	(2.7)	(2.4)
Amount recognised in equity in the year	0.8	(0.3)
Cash flow hedge reserves as at 31 March	(1.9)	(2.7)

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group occasionally enters into cross-currency interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group has chosen not to use cross-currency swaps to hedge 100% of its EUR denominated loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

Hedge ineffectiveness for cross-currency interest rate swaps may occur due to:

- the credit value/debit value adjustment is not matched by the loan,
- the timing of the forecast transaction changes from what was originally estimated,
- changes in the credit risk of the derivative counterparty, or
- differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness during the period in relation to the cross-currency interest rate swaps.

19. Financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- classification type of the financial instrument;
- accounting policies; and
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

31 March 2023	FVOCI* – designated on initial recognition £m	FVTPL** – designated on initial recognition £m	Financial assets held at amortised cost £m	Financial liabilities held at amortised cost £m	Total £m
Investments	42.2	62.2	-	-	104.4
Trade and other receivables	-	-	978.5	-	978.5
Cash and cash equivalents	-	-	30.3	-	30.3
Derivative financial instruments	-	(8.0)	-	-	(8.0)
Loans and borrowings	-	-	-	(816.9)	(816.9)
Trade and other payables	-	-	-	(231.5)	(231.5)
	42.2	54.2	1,008.8	(1,048.4)	56.8

Restated*** 31 March 2022	FVOCI* – designated on initial recognition £m	FVTPL** – designated on initial recognition £m	Financial assets held at amortised cost £m	Financial liabilities held at amortised cost £m	Total £m
Investments	42.5	60.2	-	-	102.7
Trade and other receivables	-	-	872.9	-	872.9
Cash and cash equivalents	-	-	33.9	-	33.9
Derivative financial instruments	-	(12.9)	-	-	(12.9)
Loans and borrowings	-	-	-	(793.0)	(793.0)
Trade and other payables	-	-	-	(208.5)	(208.5)
	42.5	47.3	906.8	(1,001.5)	(4.9)

* FVOCI – Fair value through other comprehensive income

** FVTPL – Fair value through profit or loss

*** Refer to note 2B for further information.

The Group's maximum exposure to credit risk for loans and receivables and other assets designated as fair value through profit or loss at the reporting date was equal to the carrying value of the asset. The carrying value of financial investments at amortised cost and loans and receivables closely approximates fair value.

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on an active liquid market are determined with reference to quoted market prices.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for derivatives other than options, and the option pricing model for options. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1, 2 and 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments at fair value through profit or loss	1.8	0.1	60.3	62.2
Investments at fair value through other comprehensive income	42.2	-	-	42.2
Derivative financial instruments	-	(8.0)	-	(8.0)
	44.0	(7.9)	60.3	96.4

31 March 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments at fair value through profit or loss	-	4.3	55.9	60.2
Investments at fair value through other comprehensive income	42.5	-	-	42.5
Derivative financial instruments	-	(12.9)	-	(12.9)
	42.5	(8.6)	55.9	89.8

Level 3 Financial Instruments	31 March 2023 £m	31 March 2022 £m
At 1 April	55.9	59.6
Interest	2.8	2.8
Redemption of preference shares	-	(6.2)
Foreign exchange movements	1.6	(0.3)
At 31 March	60.3	55.9

For fair value measurements categorised within Level 3 above, these represent the preference shares issued by Galaxy Finco 2 Limited, a fellow subsidiary of the Group's immediate parent, Galaxy Midco 2 Limited (see note 30). The fair value reflects the initial transaction price translated at the year-end exchange rate plus the value of any unpaid dividend to the extent the cumulative preference dividend is unpaid. The level 3 investments are exposed to the sensitivity of foreign exchange movements of the underlying AUD and EUR against GBP, however these movements are immaterial.

In 2022, a partial unwind of this preference share structure was undertaken to manage the Group's AUD balance sheet exposure. The unwind was achieved via a redemption of AUD 10.5m preference shares (out of the original AUD 23.2m investment) plus accrued, unpaid dividends and the repayment of an equivalent amount of the GBP loan (£6.2m) due to Galaxy Finco 2 Limited.

20. Leases

i. The Group's leasing activities and how these are accounted for:

The Group leases land and buildings for its own use both in the UK and across its international locations.
The main components of leases is the Group's Head Office building which is on a ten year lease ending in 2033 and the Group's Nottingham site which is on a fifteen year lease ending in 2038. The remaining lease liabilities cover several Group sites with leases due to expire between 2023 and 2025.

The Group also leases motor vehicles, IT equipment, fixtures and fittings. Rental contracts are typically made for fixed periods but may have extension options as described in v) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Leases are recognised as a right-of-use asset and a corresponding liability on the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment including printers.

Information about leases for which the Group is a lessee is presented on the next page.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ii. Amounts recognised in the balance sheet right-of-use assets

	Note	Land and buildings £m	Motor vehicles £m	Total £m
At 31 March 2021		18.1	0.6	18.7
Additions		0.8	0.2	1.0
Depreciation		(2.5)	(0.3)	(2.8)
Disposals		(4.8)	-	(4.8)
Depreciation on Disposals		3.4	-	3.4
At 31 March 2022	13	15.0	0.5	15.5
Additions		12.4	-	12.4
Depreciation		(2.8)	(0.2)	(3.0)
Disposals		(0.5)	-	(0.5)
Depreciation on Disposals		0.5	-	0.5
At 31 March 2023	13	24.6	0.3	24.9

Lease liabilities

	Note	31 March 2023 £m	31 March 2022 £m
Maturity analysis – contractual undiscounted cash flows			
Less than one year		2.8	1.6
One to five years		15.9	10.5
More than five years		17.9	6.7
Total undiscounted lease liabilities		36.6	18.8
Lease liabilities in balance sheet	25	26.9	16.2

iii. Amounts recognised in the income statement

	Note	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Interest on lease liabilities	8	1.0	0.7
Depreciation on leased assets	9	3.0	2.8
		4.0	3.5

iv. Amounts recognised in the cash flow statement

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Total cash outflow for leases	1.6	3.8

v. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Trade and other receivables

	31 March 2023 £m	Restated* 31 March 2022[1] £m
Trade receivables	848.3	755.7
Other receivables	53.2	45.8
Expected credit loss[2]	(3.9)	(8.1)
Prepayments and accrued income	80.9	79.5
	978.5	872.9
Split between:		
Amounts expected to be received in 12 months	605.4	538.9
Amounts expected to be received after 12 months	373.1	334.0
	978.5	872.9

*Refer to note 2B for further information.

[1] During the year a review of trade and other receivables was performed, from this the Group identified a counterparty balance to be reclassified within trade and other receivables between prepayments and other receivables. Comparative figures have been updated for comparability purposes. The effect of this was to increase amounts recognised within other receivables by £8.0m in FY22 and decrease prepayments and accrued income by the same amount, with no impact on total trade and other receivables in the consolidated balance sheet.

[2] In FY23 the methodology for calculating ECL was refined. Please see note 4B for further information.

22. Cash and cash equivalents

	31 March 2023 £m	31 March 2022 £m
Bank and cash balances	26.4	29.8
Short term bank deposits	3.9	4.1
	30.3	33.9

23. Deferred income

	31 March 2023 £m	Restated* 31 March 2022 £m
Balance at the start of the year	892.3	839.3
Amounts deferred during the year	1,050.3	973.2
Amounts recognised as revenue during the year	(983.2)	(919.5)
Foreign exchange	7.4	(0.7)
Balance as at the end of the year	966.8	892.3
Split between:		
Amounts expected to be recognised in 12 months	539.7	493.4
Amounts expected to be recognised after 12 months	427.1	398.9
	966.8	892.3

*Refer to note 2B for further information.

Deferred income represents that part of sales which it is estimated will be recognised as revenue in the following or subsequent financial years. For contracts in excess of one year, the time apportionment basis is suitably modified so that the earnings patterns reflect management's expectations of expected timings of claims. For contracts of an indeterminate length, historical data on average customer life has been used to determine a proxy for the service obligation period and revenue is recognised on a straight-line basis over that period.

The total deferred income recognised in relation to boiler service fees is £9.7m (31 March 2022: £9.2m). The total amount deferred during the year in relation to boiler service fees is £17.2m (31 March 2022: £15.9m) and the total amount recognised as revenue during the year is £16.6m (31 March 2022: £14.9m). The total deferred income recognised in relation to Australia service plan fees is £18.4m (31 March 2022: £29.4m). The total amount deferred during the year in relation to Australia service plan fees is £nil (31 March 2022: £4.2m) and the total amount recognised as revenue during the year is £9.9m (31 March 2022: £9.7m).

24. Claims and repair costs provision

	31 March 2023 £m	31 March 2022 £m
Balance at the start of the year	33.0	30.9
Amounts incurred during the year	425.4	415.2
Amounts paid during the year	(426.3)	(413.1)
Balance at the end of the year	32.1	33.0

All claims and repair cost provisions are expected to be settled within the next 12 months. Claims approved but not yet settled are included within trade and other payables (note 26).

A. Process used to determine the assumptions for measuring provisions

The assumptions used to produce provisions are considered appropriate to cover any liabilities arising so far as they can be reasonably foreseen. Cover is provided to policyholders on a reported basis i.e. the policyholder must report any claim within a valid period of cover. Provision is made at the balance sheet date for the expected ultimate cost of settlement of all claims incurred but not approved in respect of events up to the balance sheet date, whether reported or not. Up to date information is used to produce best estimates of the expected outcome. The sources of the data used as inputs for the assumptions are primarily internal, using regularly monitored statistics. There is a strong emphasis on current trends, and where, for new products, there is limited information to make a reliable best estimate of claims development, additional margins are included within assumptions used. Actual claims have been materially in line with previous estimates.

Outstanding claims and repair costs, estimation techniques and assumptions are reviewed at least quarterly with any changes reflected in the income statement as they occur. The key methods are:

- Detailed review of claim incident data;
- Use of historical data to estimate the paid and incurred to date proportions of the ultimate claim cost;
- Expected claims ratio compared to actual performance; and
- Monitoring of the performance of repairers.

To the extent that these methods use historical claims development information, they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case and, insofar as it can be identified, this has been allowed for in calculating the final provision. The unprecedented impact of the COVID-19 global pandemic that emerged towards the end of the 2020 financial year increased the uncertainty over the outturn of the required claims and repair costs provision. We now have three years of COVID-19 impacted historical data that we have assessed as part of the calculation of the provision and the liability reported in the balance sheet is considered adequate. However, the process of estimation is based upon certain variables and assumptions which will differ from the actual outturn.

B. Change in assumptions and sensitivity analysis

The Group's activities involve writing high volume, low unit cost business. Any change in the assumption used for any particular plan on a particular product will not result in a material change to the performance of the Group. The majority of claims incurred by the Group have a short tail and are usually settled within three months, hence the Group's claims and repair costs provision is significantly smaller than for types of business that have longer settlement tails. The assumptions that have the greatest effect on the measurement of trading liabilities are the expected claims frequency and cost of each repair or treatment.

A 10% change in outturn of the claims and repair costs provision would result in a change in the provision at 31 March 2023 of £3.2m (31 March 2022: £3.3m) which represents 0.8% (31 March 2022: 0.8%) of the total claims and repair costs for the year ended 31 March 2023 and is 4.7% (31 March 2022: 5.3%) of operating profit.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25. Loans and borrowings

The Group's interest-bearing borrowings, which are measured at amortised cost, are as follows:

	Note	31 March 2023 £m	31 March 2022 £m
6.5% Senior Secured Notes due 2026		405.0	405.0
€200m Senior Secured Floating Rate Notes due 2026		175.8	169.0
9.25% Senior Notes due 2027		150.0	150.0
5.35% Loan due to Parent Company		8.5	8.1
5.25% Loans due to Fellow Subsidiary Company		62.6	59.5
Total		801.9	791.6
Transaction costs		(11.9)	(14.8)
Carrying amount		790.0	776.8
Lease liability	20 ii)	26.9	16.2
Loans and borrowings		816.9	793.0

For more information about the Group's exposure to interest rate risk see note 33A.

Terms and debt repayment schedule:

	Nominal interest rate	Year of maturity	Principal £m	Carrying amount £m
6.5% Senior Secured Notes	6.5%	2026	405.0	399.4
€200m Senior Secured Floating Rate Notes	EURIBOR + 5.0%	2026	175.8	172.8
9.25% Senior Notes	9.25%	2027	150.0	146.7
5.35% Loan due to Parent Company	5.35%	2028	8.1	8.5
5.25% Loans due to Fellow Subsidiary Company	5.25%	2028	61.1	62.6
Amounts drawn under revolving credit facility	SONIA + 3%	2026	-	-
Total				790.0

The entire balance of loans and borrowings, with the exception of the amounts drawn under the revolving credit facility, is considered to be non-current, on the basis that repayment is not required until periods greater than 12 months from the balance sheet date. The majority of the Group's loans and borrowings is repayable entirely on maturity date.

The Group did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the year ended 31 March 2023 or the year ended 31 March 2022.

Certain non-regulated Group companies have pledged collateral as security in respect of the loan notes in the form of a general charge over their assets.

The Group has a revolving bank facility of £100.0m (31 March 2022: £100.0m) with a final maturity date of 1 May 2026, of which £30.0m (31 March 2022: £30.0m) is allocated to letters of credit callable on demand that support DGI's Tier 2 Ancillary Own Funds ('AOF') for Solvency II purposes.

At the balance sheet date, £3.0m (31 March 2022: £3.0m) of the RCF is available as a same day drawdown overdraft facility. The RCF, inclusive of both the unused overdraft and uncalled letters of credit, was fully undrawn (at 31 March 2022, fully undrawn).

On 7 June 2023 the Group completed the acquisition of After Inc, funded through a combination of drawing on the existing revolving credit facility and new equity from existing institutional investors and After Inc management. The Group has also increased the size of its revolving credit facility from £100m to £137.5m, thereby preserving substantial liquidity for D&G. Please refer to note 35 for further details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. Trade and other payables

	31 March 2023 £m	Restated* 31 March 2022 £m
Trade payables	181.2	161.0
Accrued expenses	50.3	47.5
	231.5	208.5

*Refer to note 2B for further information.

Of the total payables, £1.7m (31 March 2022: £2.5m) is expected to be settled more than 12 months after the reporting date. Claims approved but not yet settled are included within trade payables.

27. Total equity

	Capital £m	Hedging reserves £m	Other reserves £m	Revaluation reserves 3m	Accumulated loss £m	Total £m
At 1 April 2022	89.9	(2.7)	(3.7)	3.4	(268.6)	(181.7)
Total comprehensive profit/(loss) for the year	-	0.8	2.1	(0.8)	7.0	9.1
Balance as at 31 March 2023	89.9	(1.9)	(1.6)	2.6	(261.6)	(172.6)

	Capital £m	Hedging reserves £m	Other reserves £m	Revaluation reserves 3m	Accumulated loss £m	Total £m
As previously stated at 1 April 2021	89.9	(2.4)	(2.2)	3.4	(256.4)	(167.7)
Adjustment	-	-	-	-	(10.2)	(10.2)
Restated at 1 April 2021*	89.9	(2.4)	(2.2)	3.4	(266.6)	(177.9)
Total comprehensive loss for the year	-	(0.3)	(1.5)	-	(2.0)	(3.8)
Balance as at 31 March 2022	89.9	(2.7)	(3.7)	3.4	(268.6)	(181.7)

*Refer to note 2B for further information.

Hedging reserves

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other reserves

The other reserves primarily relate to the cumulative gain/(loss) on investments in debt instruments classified as FVOCI, which are reclassified to the income statement on disposal, and foreign exchange differences on consolidation of foreign subsidiaries and branches.

	31 March 2023 £m	31 March 2022 £m
Ordinary share capital	0.9	0.9
Share premium	89.0	89.0
	89.9	89.9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. The particulars of the share classes are as follows:

	Par value	2023 No.	2022 No.
Class			
A ordinary	£0.01	89,871,070	89,871,070

Called up share capital

	As at 31 March 2023		As at 31 March 2022	
Allotted, called up and fully paid	No.	£m	No.	£m
Ordinary shares paid at £0.01p each	89,871,070	0.9	89,871,070	0.9

Share premium account

	As at 31 March 2023 £m	As at 31 March 2022 £m
Balance as at 1 April and 31 March	89.0	89.0

28. Commitments and contingencies

A. Capital commitments

At 31 March 2023, the Group had capital commitments contracted for but not provided of £2.7m (31 March 2022: £3.8m).

B. Contingent liabilities

There were no contingent liabilities at 31 March 2023 (31 March 2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. Subsidiary companies

Name of subsidiary:	Country of incorporation	Nature of business	% of shares held by immediate parent Company (or by the Group where this varies)
Galaxy Bidco Limited	Jersey[1]	Holding company	100%
Domestic & General Acquisitions Holdings Limited	Jersey[1]	Holding company	100%
Domestic & General Acquisitions Limited	Jersey[1]	Holding company	100%
Domestic & General Acquisitions 1 Limited	England & Wales[2]	Holding company	100%
Domestic & General Group Limited	England & Wales[2]	Holding company	100%
Domestic & General Insurance plc	England & Wales[2]	General insurance	100%
Domestic & General Services Limited	England & Wales[2]	Appliance care service plans	100%
Domestic & General USA Holdings Limited	England & Wales[2]	Holding company	100%
Domestic & General USA Topco Inc	USA[3]	Holding company	100%
Domestic & General USA Holdings LLC	USA[3]	Holding company	100%
Domestic & General USA Inc	USA[3]	Licensed operating company	100%
Domestic & General USA Services LLC	USA[3]	Licensed operating company	100%
Domestic & General LLC	USA[3]	OEM contracting entity	100%
Domestic & General USA Resources LLC	USA[3]	Operational entity	100%
Domestic & General USA IP LLC	USA[3]	IP licensee/licensor	100%
Domestic & General USA Midco LLC	USA[3]	Holding company	100%
Domestic & General Service GmbH	Germany[4]	Dormant company	100%
Domestic & General Insurance Europe AG	Germany[4]	Warranty insurance	100%
Domestic & General Services Pty Ltd	Australia[5]	Appliance care service plans	100%
Servicios Domestic & General Espana S.L	Spain[6]	Dormant company	100%
Servizi Domestic & General Italia S.r.l.	Italy[7]	Appliance care service plans	100%

1 Address of registered office is 27 Esplanade, St Helier, Jersey, JE1 1SG.
2 Address of registered office is Swan Court, 11 Worple Road, Wimbledon, London, SW19 4JS.
3 Address of registered office is 8 The Green, Ste R, Dover, Delaware, 19901, USA.
4 Address of registered office is Hagenauer Strasse 44, 65203 Wiesbaden, Germany.
5 Address of registered office is Level 21, Australia Square, 264 George Street, Sydney, NSW 2000, Australia.
6 Address of registered office is Sucursal en España, Julián Camarillo, 4 Modulo B 3ª planta, 28037 Madrid.
7 Address of registered office is Via Gobetti 2/c, 20063 Cernusco sul Naviglio (MI), Italia.

All subsidiaries are included in the Group consolidation.

30. Related parties

A. Ultimate controlling party

The Group's majority shareholder is CVC Funds, via CVC Fund VII, with a stake of approximately 62%. Luxinva S.A. (an entity wholly owned by Abu Dhabi Investment Authority ('ADIA')) holds a stake of approximately 26%, with the remaining balance of approximately 12% held by the Opal Galaxy Employee Benefit Trust on behalf of management. The ultimate controlling party is Opal Galaxy Holdings Limited, a company incorporated in Jersey.

B. Other related party transactions and balances

As at 31 March 2023, amounts owed to the immediate Parent undertaking Galaxy Midco 2 Limited totalled £8.1m (31 March 2022: £7.7m) and interest of £0.4m (31 March 2022: £0.4m) was charged on loans outstanding.

As at 31 March 2023 amounts owed to a fellow subsidiary of the immediate Parent undertaking, Galaxy Finco 2 Limited totalled £61.1m (31 March 2022: £58.1m). Interest of £1.5m (31 March 2022: £1.4m) was charged on this balance.

As at 31 March 2023 investments carried at fair value through profit or loss include £60.3m of investments in preference shares issued by Galaxy Finco 2 Limited, a fellow subsidiary of the Group's immediate Parent, Galaxy Midco 2 Limited (31 March 2022: £55.9m). This includes unpaid interest on these preference shares accrued at 5% coupon retranslated at the year-end exchange rate. At 31 March 2023, the cumulative balance of the unpaid interest was £9.4m (31 March 2022: £6.4m).

During the year ended 31 March 2023, no fees were paid to CVC or ADIA (31 March 2022: £nil).

C. Transactions with key management personnel

Key management personnel include all Domestic & General Group and subsidiary Directors, and certain members of senior management that report directly to the Executive Directors or members of the DGLG.

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Wages and salaries and other social security costs	8.1	6.9
Other pension costs – defined contribution schemes	0.6	0.3
Total key management personnel compensation	8.7	7.2

Some key management personnel hold cover on domestic appliances that are covered by the Group. These transactions are completed on terms that are the same as those available to other staff.

31. Dividends

No dividends were paid during the year ended 31 March 2023 (31 March 2022: £nil).

32. Risk management of trading liabilities

Trading liabilities

The Group provides extended cover on domestic appliances in the UK through two companies; Domestic & General Services Limited, which is an appliance care service plan company and Domestic & General Insurance plc, which is an insurance company. In Europe, the Group provides cover predominantly through Domestic & General Insurance Europe AG ('DGIEU'), which is an insurance company that was established due to Brexit. In the US, the Group began providing service plans in autumn 2022 through its US trading subsidiaries.

Appliance care contracts, whether service plan or insurance, are accounted for under IFRS 4: Insurance Contracts, as the definition of an insurance contract under IFRS 4 extends to all trading products issued by the Group.

The Group manages its trading liability risk through various measures including underwriting controls; approval procedures for new products; control over the prices at which cover may be sold; regular review of client, product and plan performance; and monitoring of emerging issues. Statistical expectancy is applied to pricing and provisioning for the portfolio of trading contracts. The principal risk is that the frequency and severity of claims and repairs is greater than expected. The actual number and size of events during any one year may vary from those estimated using established statistical techniques.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The trading portfolio combines a large number of small value contracts which generally span one to five years and which, in the main, have short tail risks of predominantly less than one year. The prompt settlement of claims reduces the variability of outcome. The Group uses several methods to assess and monitor its trading liability risk exposure both for individual types of risks covered and overall risks, which include internal risk measurement and sensitivity analysis. The calculation of the claims and repair costs element is a result of the anticipated claims cost and the projected claims frequency for each year of projection.

The Group sets its pricing on a rigorous and prudent ‘ground up’ approach developed and tested over the course of many years as a specialist provider. Accordingly, pricing is built up by taking into consideration various factors, including claims and repair costs, administrative costs, acquisition costs, tax and profit margin, as well as historical and projected failure incidences, type of repair, forecast levels of inflation, product sales volumes and predicted and historic take-up levels.

A. Sources of uncertainty in the estimation of future claims payments

Appliance care plans result in a high volume of low cost claims with a short claims tail that are usually settled within three months of reporting the incident. The nature of the core business is such that there are no latent risks, nor are there any material concentrations or aggregations of risk, and the business is not subject to catastrophe risk. Accordingly, the value of the claims and repair cost provision is low relative to the size of other assets and liabilities of the Company.

B. Development of claims provision (note 24)

The calculation of the claims and repair cost provision is management’s estimate of claims that have been incurred at the balance sheet date and on which a liability exists but have either not been reported or have been reported but not approved. Management measures, on an on-going basis, the actual outturn compared to the claims and repair cost provision and seeks reasons and explanations for any significant variance from the initial estimation. Any uncertainty about the amount and timing of claims payments is typically resolved within one year.

33. Financial risk management

The Group is exposed to financial risk through its financial assets and financial liabilities, and through its appliance care service plans and insurance contracts. Risks include interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group.

A. Interest rate risk

The Group’s principal exposures to interest rate risk relate to borrowings and to its investment portfolio, which are managed by the Group’s Treasury function, with investment management being outsourced to a third-party specialist investment manager.

The proportion of gross, external financial indebtedness carrying a fixed rate of interest (excluding indebtedness balances due to parent and fellow subsidiary companies) is forecast at the following levels:

- For the next 12 months: 75%
- For the next 13 to 24 months: 75%
- For the next 25 to 36 months: 75%
- For the next 37 to 48 months: 75%
- For the next 49 to 60 months: 75%

Proportions of fixed rate indebtedness shown above for periods beyond 36 months, assume that refinancing of existing debt will use the same proportions as current debt, although this is not guaranteed.

A 1.0% increase in interest rates would have a £1.8m (31 March 2022: £1.6m) negative annual impact on interest payable by the Group.

The 25% floating rate proportion of gross debt is partially hedged by cash and investment asset balances, where those balances attract a floating rate of interest. A 1.0% increase in interest rates would have a £0.4m (31 March 2022: £0.4m) positive annual impact on interest income in relation to cash and floating rate investment balances, assuming other variables remain constant.

Whilst an increase in interest rates would be expected to have a positive impact on interest income for floating rate investments, for fixed income debt securities, any such interest rate increase would have a negative impact on valuation. Interest rate risk on available-for-sale investments is managed by investing within well-defined investment criteria that specify, amongst other things, maximum duration.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

B. Credit risk

Credit risk arises from cash and cash equivalents, including deposits with banks and financial institutions; from investments in fixed-income and other securities; and from credit exposures associated with wholesale and retail customers, including outstanding receivables.

i. Risk management

Credit risk is managed on a Group basis and the Group structures the levels of credit risk it accepts by placing limits on its exposure to counterparties.

Deposits placed with banks and financial institutions are subject to credit limits approved by Group's Investment Committee. Counterparty exposure is subject to regular review. Other investments are managed by an external fund manager within investment management terms that specify, amongst other things, minimum credit ratings and maximum duration.

Internationally the Group has a number of contracts with major clients, with exposure on the monies owed at any given time. However, the Group closely monitors outstanding debt and maintains dialogue with clients, so it would be in a position to act swiftly to mitigate any loss in the event of a major client running into financial difficulties.

Trading and insurance debtors are amounts receivable from policyholders and service plan customers and are by their nature high volume but low value. Credit risk exposure is minimal; if an instalment debtor lapses, the associated cover provided by the Group is cancelled.

Credit ratings of significant classes of financial assets:

	A rated or above Institutions 2023 £m	B rated or below Institutions 2023 £m	Unrated 2023 £m	Total 2023 £m
Cash and cash equivalents	30.3	-	-	30.3
Money market funds	0.1	-	-	0.1
Investments in unlisted securities	-	-	60.3	60.3
Investments carried at fair value	26.0	18.0	-	44.0
Trade and other receivables	26.4	19.8	932.3	978.5
	82.8	37.8	992.6	1,113.2

	A rated or above Institutions 2022 £m	Restated* B rated or below Institutions 2022 £m	Unrated 2022 £m	Restated* Total 2022 £m
Cash and cash equivalents	33.9	-	-	33.9
Money market funds	4.3	-	-	4.3
Investments in unlisted securities	-	-	55.9	55.9
Investments carried at fair value	31.7	10.8	-	42.5
Trade and other receivables	18.8	10.3	843.8	872.9
	88.7	21.1	899.7	1,009.5

*Refer to note 2B for further information.

The unrated assets in unlisted securities as at 31 March 2023 represent the investments in preference shares issued by Galaxy Finco 2 Limited, a fellow subsidiary of the Group's immediate Parent, Galaxy Midco 2 Limited.

The Group has policies that require appropriate credit checks on potential trade partners before sales commence.

The amount disclosed in the balance sheet for financial assets represents the Group's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ii. Impairment of financial assets

The Group has three categories of financial assets that are subject to the impairment requirements of IFRS 9:

- Trade (appliance care plans) and other receivables
- Debt Investments carried at FVOCI
- Debt Investments carried at FVPL

Trade receivables (appliance care plans) and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and product types. The other receivables primarily relate to amounts due from either our retailers or OEM partners and have been considered separately based upon their relative credit strength and probability of default.

The loss allowance calculated at 31 March 2023 has been determined for trade receivables (appliance care plans) as the exposure to default, multiplied by the applicable probability of default and a loss given default percentage. The probability of default has been determined using historical data for payment collections and the corresponding credit losses experienced. The loss given default percentage represents the expected receivables loss in the event of customer default.

For other receivables, the expected credit loss has been calculated by applying the cumulative expected loss rates for the appropriate duration for the lifetime of the receivable, as produced by one of the major credit rating agencies, against each counterparty's receivable exposure with reference to their credit rating.

Historical analysis of defaults has been utilised. However, an additional risk premium to these default rates has been maintained reflecting the likelihood that historical rates do not yet fully reflect the impact from inflationary pressures and the ability of customers to make their regular payments. At 31 March 2023, the expected credit loss allowance for trade and other receivables is £3.9m (31 March 2022: £8.1m), and the movement has been reported in the income statement.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indications that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. Please see note 21 for further details.

Debt investments (FVOCI & FVTPL)

The Group's debt investments are considered to have a low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer is considered to have a strong capacity to meet its contractual cash flow obligations in the near term.

Debt investments include listed and unlisted debt securities. Changes to the loss allowance for debt investments at FVOCI and FVTPL are recognised in other comprehensive income and in the income statement respectively.

The expected credit loss for this financial asset class has been calculated by applying the 12 month cumulative expected loss rates produced by one of the major credit rating agencies to that credit rating agency's credit rating for each of the investments held.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Past due or impaired financial assets (Trade and other receivables)

The table below sets out an analysis of the Group's assets, showing those which are past due, or impaired. The Group considers notified disputes and collection experience in determining which assets should be impaired. Categories of financial assets for which there are neither past due or impaired balances have been included below for reconciliation purposes.

		31 March 2023 £m	Restated* 31 March 2022 £m
Not past due		962.2	866.9
Past due (days)	0 – 30	19.1	14.1
	31 – 60	-	-
	61 – 90	0.5	-
	Greater than 90	0.6	-
Provision		(3.9)	(8.1)
Carrying amount		978.5	872.9

*Refer to note 2B for further information.

C. Liquidity risk

An important aspect of the Group's management of assets and liabilities is ensuring that cash is available to settle liabilities as they fall due. The most significant payments are claims and repair costs, marketing, commissions, staff costs and interest payments on loans and borrowings. The profile of these regular payments is highly predictable. The Group maintains cash and liquid deposits to meet demands on a daily basis, with additional liquidity available via the Group's RCF.

Contractual maturity analysis:

The table below summarises the maturity profile of the Group's financial liabilities based on remaining undiscounted contractual obligations where the maturity profile is analysed by the estimated timing of the amounts recognised in the balance sheet.

Year ended 31 March 2023	Claims & repair costs 2023 £m	Loans and borrowings[1] 2023 £m	Trade and other payables 2023 £m	Total 2023 £m
0 – 90 days	32.1	-	188.4	220.5
91 days – 1 year	-	-	41.4	41.4
1 – 3 years	-	-	1.1	1.1
3 – 5 years	-	730.8	0.6	731.4
Greater than 5 years	-	71.1	-	71.1
Total	32.1	801.9	231.5	1,065.5

Year ended 31 March 2022	Claims & repair costs 2022 £m	Loans and borrowings[1] 2022 £m	Restated* Trade and other payables 2022[2] £m	Total 2022 £m
0 – 90 days	33.0	-	162.3	195.3
91 days – 1 year	-	-	43.7	43.7
1 – 3 years	-	-	2.5	2.5
3 – 5 years	-	574.0	-	574.0
Greater than 5 years	-	217.6	-	217.6
Total	33.0	791.6	208.5	1,033.1

*Refer to note 2B for further information.

[1] Excluding transaction costs and lease liability

[2] Maturity analysis for trade and other payables has been reassessed in the year with the corresponding comparative numbers updated on a consistent basis. This has no impact on the total trade and other payables balance in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

D. Foreign exchange risk

Foreign exchange risk arises when financial assets and liabilities are denominated in a currency other than the respective functional currencies of the Group entities. Most transactions are undertaken in functional currency, which minimises foreign exchange risk, and asset and liability matching profiles are reviewed regularly.

The €200m Senior Secured Floating Rate Note issued in July 2019 has been partially hedged with a €150m cross currency interest rate swap and the remaining €50m exposure has been hedged by the Galaxy Finco Group via an investment in EUR denominated preference shares for the same amount issued by Galaxy Finco 2 Limited, a fellow subsidiary to Galaxy Finco Limited. The Group monitors net exposure to foreign exchange and will consider hedging implications if risk falls outside reasonable tolerances.

34. Capital management

The Board's primary objectives in respect of capital management are to ensure the Group maintains an appropriate level of capital to support the business, including holding sufficient financial resources to meet obligations as they fall due; and to comply with regulatory requirements.

The total amount of debt and equity capital of the Group comprises shareholders' deficit of £172.6m (31 March 2022 Restated: £181.7m), Senior Secured Notes (net of financing costs) of £399.4m (31 March 2022: £398.0m), Senior Secured Floating Rate Notes of £172.8m (31 March 2022: £165.0m), Senior Notes of £146.7m (31 March 2022: £146.2m) and amounts owed to parent and fellow subsidiary undertakings (including accrued interest) of £71.1m (31 March 2022: £67.6m). As at 31 March 2023, the Group's RCF was undrawn (31 March 2022: undrawn).

The Group's insurance business is regulated by the UK Financial Conduct Authority ('FCA') and Prudential Regulation Authority ('PRA') and it is required to comply with the requirements of the Solvency II Framework Directive, as adopted by the PRA, including in relation to the measurement and management of capital. There are certain valuation differences between the IFRS Balance Sheet and the Solvency II Balance Sheet, which affect the measurement of capital, for example between IFRS insurance liabilities and Solvency II technical provisions. The UK insurance business (DGI) uses the Solvency II Standard Model as adjusted for Undertaking Specific Parameters ('USP') to determine the level of regulatory capital that needs to be maintained. Furthermore, it has implemented an Own Risk and Solvency Assessment ('ORSA') process which considers the various risks faced by the insurance business and includes stress tests applied to financial forecasts, to ensure that its projected level of capital can withstand shocks. The insurance business is well capitalised for Solvency II purposes and has complied with the capital requirements under Solvency II throughout the year.

DGI has a subsidiary in Germany (DGIEU) and a branch in Australia which are regulated, respectively, by BaFin and the Australian Prudential Regulation Authority ('APRA') and are required to hold capital to cover their respective liabilities. DGIEU, which underwrites the Group's EEA risks, received its regulatory approval from BaFin on 5 April 2019 and also uses the Solvency II Standard Model, simarlarly adjusted for USPs, to determine an appropriate level of regulatory capital.

The Group has embedded its capital management processes into its normal planning, reporting and decision-making activities.

35. Post balance sheet event

On 7 June 2023, the Group completed the acquisition of After Inc, an experienced US post-sale warranty provider at an initial cost of $75m, which is funded through a combination of drawing on the existing revolving credit facility and new equity from existing institutional investors and After Inc management. The Group has increased the size of its revolving credit facility from £100m to £137.5m, thereby preserving its access to substantial liquidity. The vendors are entitled to receive additional elements of unconditional and contingent deferred consideration, dependent upon future performance of the After Inc business. The obligation to pay any such amounts is a liability of a parent company of Galaxy Finco Limited and as a result this liability sits outside the Group.

Pursuant to the above transaction, on 7 June 2023 the authorised share capital of Galaxy Finco Limited was increased to 10,000,000,000 ordinary shares of £0.01 and issued share capital was increased by £44.9m. There is no change in the ownership of Galaxy Finco Limited. See note 30(a) for further details.

The accounting for this business combination is yet to be finalised and therefore the full impact of the acquisition cannot yet be disclosed.

OTHER INFORMATION

Alternative Performance Measures

In order to fully explain the performance of the Group, management discuss and analyse the results in terms of financial measures which include a number of alternative performance measures (‘APMs’). APMs are non-GAAP measures which are used to supplement the disclosures prepared in accordance with other regulations such as IFRS. Management believe these measures provide useful information to enhance the understanding of the Group’s financial performance. However, APMs should be viewed as complementary to, rather than as a substitute for, the figures determined according to other regulations.

The APMs utilised by the Group may not be the same as those used by other companies and may change over time. The calculation of APMs is consistent with previous periods unless otherwise stated.

APMs derived from IFRS measures

A number of APMs relating to IFRS are utilised to measure and monitor the Group’s performance. Definitions and additional information, including reconciliations to the relevant amounts in the IFRS Financial Statements and, where appropriate, commentary on the material reconciling items are included within this section.

Adjusted EBITDA

Definition

Profit or loss from operating activities, adding back depreciation, amortisation, finance costs and significant items.

Relevance to strategy

The adjusted measure is considered relevant to assessing the underlying performance of the Group against its strategy and plans. The rationale for excluding certain items is as follows:

- **Depreciation**: a non-cash item which fluctuates depending on the timing of capital investment. Management believe that a measure which removes this volatility improves comparability of the Group’s results period on period.
- **Amortisation:** a non-cash item which varies depending on the timing of and nature of acquisitions, and on the timing of and extent of investment in internally generated intangibles such as software. Management believe that a measure which removes this volatility improves comparability of the Group’s results period on period. Where applicable, impairment of intangible assets is also excluded as a significant item.
- **Significant items:** these items represent amounts which result from unusual transactions or circumstances and at a significance which warrants individual disclosure. Management believe that adjusting for such significant items improves comparability period on period. Significant items are those items that, in the Directors’ view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group’s financial performance. See note 9 for further detail of amounts disclosed as significant in the year.

OTHER INFORMATION

Reconciliation of adjusted EBITDA to Profit/(loss) for the year

	Note	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Revenue	6	983.4	920.2
Other operating costs	9	(868.2)	(811.3)
Impairment gain/(loss) on financial assets	9	4.2	(0.3)
Significant items	9	4.0	2.0
Net investment income/(expense)	7	0.2	(0.3)
Adjusted EBITDA		123.6	110.3
Significant items	9	(4.0)	(2.0)
EBITDA		119.6	108.3
Depreciation and amortisation	9	(51.4)	(48.1)
Finance costs	8	(61.6)	(56.1)
Profit before tax		6.6	4.1
Tax	12	0.4	(6.1)
Profit/(loss) for the year		7.0	(2.0)

*Refer to note 2B for further information.

Reconciliation of Group operating profit to adjusted EBITDA ex US

	Note	Year ended 31 March 2023 £m	Restated* Year ended 31 March 2022 £m
Operating profit		68.0	60.5
Adjusted for:			
Significant items	9	4.0	2.0
Depreciation and amortisation	9	51.4	48.1
Net investment income/(expense)	7	0.2	(0.3)
Adjusted EBITDA		123.6	110.3
Adjusted for:			
US loss		8.0	5.7
Adjusted EBITDA ex US		131.6	116.0

*Refer to note 2B for further information.

Reported solvency ratio analysis

Year ended 31 March 2023	DGI solo[1] £m	DGIEU solo[2] £m	Total £m	Consol adj. £m	DGA group[3] £m
Eligible own funds	148.1	26.0	174.1	2.6	176.7
Solvency capital requirements (SCR)	78.5	7.9	86.4	1.1	87.5
Capital surplus	69.6	18.1	87.7	1.5	89.2
Ratio of eligible own funds to the SCR	**189%**	**329%**	**202%**		**202%**

Year ended 31 March 2022	DGI solo[1] £m	DGIEU solo[2] £m	Total £m	Consol adj. £m	DGA group[3] £m
Eligible own funds	143.4	21.8	165.2	(24.6)	140.6
Solvency capital requirements (SCR)	75.6	8.6	84.2	(1.7)	82.5
Capital surplus	67.8	13.2	81.0	(22.9)	58.1
Ratio of eligible own funds to the SCR	**190%**	**252%**	**196%**		**170%**

1 Domestic & General Insurance Plc, the most senior insurance undertaking in the regulated group
2 Domestic & General Insurance Europe AG, a subsidiary insurance undertaking of DGI
3 Domestic & General Acquisitions Limited, the most senior insurance holding company within the Group, and therefore the most senior entity of the regulated group. Group supervision from the PRA applies at this level

GLOSSARY OF TERMS

Acquisition costs	Commission and other expenses incurred on acquiring appliance care protection plan business
ADIA	Abu Dhabi Investment Authority, the Group's minority shareholder, via Luxinva S.A. (an entity wholly owned by ADIA) holds a stake of approximately 26%.
Adjusted EBITDA	Group's operating profit for a particular period adjusted for amortisation of acquisition intangibles, depreciation and amortisation, significant items and net investment income/(expense)
Adjusted EBITDA ex US	Group Adjusted EBITDA excluding the results of our US business
Alternative Performance Measure ('APM')	An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework
APRA	The Australian Prudential Regulation Authority ('APRA') is a statutory authority of the Australian government and the prudential regulator of the Australian financial services industry
B2B2C	Business to Business to Consumer
BaFin	The Federal Financial Supervisory Authority better known by its abbreviation BaFin is the financial regulatory authority for Germany
Brexit	Brexit (portmanteau of 'British' and 'exit') is the withdrawal of the United Kingdom ('UK') from the European Union ('EU')
CAGR	Compound annual growth rate
Cash-generating unit ('CGU')	A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets
Churn	Also referred to as 'customer churn' or attrition rate of customers. It represents the cyclical nature of customers changing their coverage
Clients	Business partners (for example manufacturers, retailers and financial service companies) for whom we provide appliance care services including design, arrangement, pricing, selling, administration and distribution of appliance care service plans and policies for customers
COVID-19	The COVID-19 pandemic, also known as the coronavirus pandemic, was a pandemic of coronavirus disease 2019 (COVID-19), caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Customers	Individuals who have purchased appliance care service plans or policies
CVC	CVC, the Group's majority shareholder, via CVC Fund VII, with a stake of approximately 62%
Deferred acquisition costs ('DAC')	The proportion of acquisition costs incurred that corresponds to the proportion of sales which have not been recognised as revenue at the balance sheet date
Deferred income	That part of sales which it is estimated will be recognised as revenue in the following or subsequent financial years
ECL	Expected credit loss
E-tail	Electronic retailing (E-tailing) is the sale of goods and services through the Internet. E-tailing can include business-to-business ('B2B') and business-to-consumer ('B2C') sales of products and services

GLOSSARY OF TERMS CONTINUED

European Insurance and Occupational Pensions Authority ('EIOPA')	EIOPA is a European financial regulatory institution established under EU Regulation and is one of the three European Supervisory Authorities responsible for microprudential oversight at the European Union level
ESG	Environmental, Social and Governance. It is a collective term for measuring a business's impact on social and environmental issues and its governance beyond simply generating revenue or making a profit
FCA	The Financial Conduct Authority is a financial regulatory body in the United Kingdom, but operates independently of the UK Government. The FCA regulates financial firms providing services to consumers and maintains the integrity of the financial markets in the United Kingdom
First or second fix	Percentage of repairs completed within the first or second visit to a customer
Free cash flow	Defined as the sum of: (i) free cash flow of the non-regulated business; plus (ii) changes in distributable earnings from the regulated business over the amount of capital to be held for regulatory purposes determined in accordance with Solvency II principles
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY	Financial Year
General Data Protection Regulation ('GDPR')	The GDPR is a regulation in EU law on data protection and privacy for all individuals citizens of the European Union ('EU') and the European Economic Area ('EEA')
Group	The Domestic & General group of companies, comprising Galaxy Finco Limited and all subsidiaries as set out in note 29 in the notes to the Financial Statements
IAS	International Accounting Standards
Investment return – interest	Calculated as investment income earned in the year over the average balance of investments plus cash and cash equivalents in the year
IFRS	International Financial Reporting Standards
M&A	Mergers and Acquisitions
Net Promoter Score ('NPS')	The net promoter score ('NPS') measures the loyalty of a company's customer base with a score from -100 to +100, which comes from customers answering the question "How likely are you to recommend this company?"
OCI	Other comprehensive income
OEM	Original Equipment Manufacturer
OKR	Objectives and Key Results is a goal-setting framework used by businesses to define measurable goals and track their outcomes
Point-of-need ('PoN')	An appliance care plan sold at the point at which an appliance breaks down. The plan includes a repair, plus an extended appliance care cover
Post-point-of-sale ('PPoS')	An appliance care plan sold after the appliance has been purchased

GLOSSARY OF TERMS CONTINUED

PRA	The Prudential Regulation Authority ('PRA') is a United Kingdom financial services regulatory body, formed as one of the successors to the Financial Services Authority ('FSA'). The authority is structured as a limited company wholly owned by the Bank of England and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm
RCF	Revolving credit facility
Retail Point-of-Sale ('PoS')	A retailer protection plan sold at the same time as the appliance
Revenue	The amount of sales recognised in the period either from sales made in previous periods and deferred or current year sales that are recognised in the current period
SECR	Streamlined Energy and Carbon Reporting
Section 172	Section 172 of the Companies Act 2006 requires directors to explain how they have considered certain interests when performing their duty to promote the success of the company
Service Level Agreement ('SLA')	A service level agreement is a commitment between a service provider and a client. Particular aspects of the service – quality, availability, responsibilities – are agreed between the service provider and the service user
Solvency II	The Solvency II Directive is a Directive in European Union law that codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency
Solvency ratio	The solvency ratio is based upon the aggregation of the individual solo DGI and DGIEU eligible own funds and capital requirements respectively
TCFD	Task Force on Climate-Related Financial Disclosures
Underlying revenue	Represents revenue after the reversal of any fair value adjustments to deferred acquisition costs and associated deferred income
Unrestricted cash	Defined as the cash and cash equivalents balance of the unregulated business and the excess distributable reserves of the regulated business over and above regulatory capital requirements
USP	Undertaking Specific Parameters as defined by EIOPA to adjust standard formula
VCP	Value Creation Plan
Value in Use ('VIU')	The present value of the future cash flows expected to be derived from an asset or cash-generating unit