GALAXY FINCO LIMITED
(Registered in Jersey No. 113706)

RESULTS FOR THE SIX-MONTH PERIOD ENDED
30 September 2024
(Unaudited)

TABLE OF CONTENTS

1. PERFORMANCE HIGHLIGHTS & OPERATING REVIEW

Performance highlights

The Group's positive performance has continued into the second quarter of FY25 generating 8% total revenue[1] growth for the year to date, compared to the same period a year ago. Group subscription revenue grew by 11%, including continued strong subscription revenue growth of 12% in the European business. Group subscription customer retention rates continue to perform well at 86%[2], tracking marginally above the long-term average of 85%.

- UK year to date revenue growth of 8%, driven by subscription revenues (95% of total UK revenue) which have grown 9%.
- International (ex US) subscription year to date revenue growth of 12%, representing 72% of International (ex US) revenue, continuing the journey to replicate the successful UK subscription model in Europe.
- US revenue increased by £12.5m year to date, with the comparator only including four month's ownership of After Inc. up to 30 September 2023, with 2 additional months of After Inc. revenue in H1 FY25 (c.£5-6m). This is supported by subscription growth in the organic US business of £7.7m compared to the prior period, with c.190k live customers as at 30 September 2024 (FY24: c.100k).

Adjusted EBITDA is up 10% to £86.5m reflecting the strength and resilience of the subscription business model, partnership networks and underlying cost discipline across both the UK and International. Excluding the US, the Group recorded 9% adjusted EBITDA year-on-year growth to £88.5m for the 6-month period, with the US H1 FY24 comparator only including four month's ownership of After Inc. up to 30 September 2023.

The Group continues to have strong levels of liquidity, following the acquisition-related borrowing facility increase and the injection of shareholder equity in FY24. The solvency coverage ratio in the regulated business was 189% (31 March 2024: 192%).

Total expenses have increased 8% (in line with revenue) and represent 86% of total revenue (30 September 2023: 86%) reflecting the underlying cost discipline. Meanwhile, other finance expenses increased by £1.9m to £36.3m, primarily driven by market movements in interest rates affecting the floating-rate debt and interest on the drawn RCF.

Total depreciation and amortisation increased by £0.5m to £26.5m for the period ended 30 September 2024 reflecting continued capital investment in IT infrastructure and the revision of expected useful life estimates for some legacy assets in FY24.

A significant item cost of £4.2m (30 September 2023: £0.4m) has been recognised in the period relating to finance transformation costs, including IFRS 17 implementation. The comparator includes the benefit from the Talbot Street sale of £2.6m.

The Group recognised a profit before tax of £19.5m consistent with prior year (30 September 2023: £17.8m), reflecting improved trading performance offset by higher significant items.

[1] Total revenue comprises insurance revenue and other income.

[2] Excluding US

Reconciliation of adjusted EBITDA to profit for the period

	Period ended 30 September 2024 (Unaudited) £m	Restated[2] Period ended 30 September 2023 (Unaudited) £m
Insurance revenue	**551.1**	509.6
Other income	**29.0**	27.0
Total revenue	**580.1**	536.6
Insurance service expense	**(424.9)**	(389.5)
Other operating expenses	**(73.9)**	(71.8)
Total expenses	**(498.8)**	(461.3)
Investment income	**1.1**	1.0
Net finance expenses from insurance contracts	**(2.6)**	(1.1)
Net financial result	**(1.5)**	(0.1)
Items excluded from adjusted EBITDA		
- Significant items	**4.2**	0.4
- Net change for depreciation costs included in insurance service expenses	**2.5**	3.0
Adjusted EBITDA	**86.5**	78.6
Significant items	**(4.2)**	(0.4)
EBITDA	**82.3**	78.2
Depreciation and amortisation[1]	**(26.5)**	(26.0)
Other finance expenses	**(36.3)**	(34.4)
Profit before tax	**19.5**	17.8
Tax	**(5.5)**	(4.1)
Profit for the period	**14.0**	13.7

[1] Includes adjustment for depreciation costs which are included in insurance service expenses but excluded from adjusted EBITDA
[2] Please refer to note 2 for details of the restatement.

Summary unrestricted cash flow

	Period ended 30 September 2024 (Unaudited) £m	Restated[1] Period ended 30 September 2023 (Unaudited) £m
Adjusted EBITDA ex US	**88.5**	81.4
Change in unregulated working capital (ex Aus and US)	**(6.7)**	(16.0)
Excess regulated EBITDA over distributable reserves[1]	**(20.2)**	(11.0)
Operating cash before capex	**61.6**	54.4
Operating cash conversion before capex (adj EBITDA ex US)	**70%**	67%
Capital expenditure	**(16.0)**	(13.9)
Operating free cash flow before US and Aus working capital	**45.6**	40.5
Cash conversion after capex (adj EBITDA ex US)	**52%**	50%
Australia working capital	**(3.0)**	(5.0)
US costs (excluding capital expenditure)	**(11.4)**	(3.9)
Operating free cash flow	**31.2**	31.6
Adjusted EBITDA incl. US	**86.5**	78.6
Operating free cash conversion (adj EBITDA incl. US)	**36%**	40%
Debt interest	**(33.6)**	(31.7)
Corporation tax and other	**(6.3)**	(0.3)
Free cash flow before significant items and M&A	**(8.7)**	(0.4)
RCF drawdown and cash equity subscription	**6.5**	61.7
Acquisition cash flows	**-**	(54.5)
Significant items	**(3.0)**	(2.0)
Unrestricted cash flow	**(5.2)**	4.8
Unrestricted cash b/f at 1 April	**42.5**	55.6
Unrestricted cash c/f at 30 September	**37.3**	60.4
[1] Excess of reg EBITDA over change in distributable reserves:		
Regulated Business adjusted EBITDA	45.2	30.3
Change in distributable reserves in Regulated Business	(25.0)	(19.3)
	20.2	11.0

[1] Please refer to note 2 for details of the restatement.

Adjusted EBITDA ex US growth of 9% illustrates the performance of the more mature and established businesses. Working capital outflows of £6.7m (30 September 2023: outflows of £16.0m), with the prior year outflows reflecting timing differences in relation to client payables and receivables. This Unregulated working capital amount excludes the distortive working capital impact of the Australian business which is in run-off, which is analysed separately. The excess of Regulated EBITDA over the change in distributable reserves of the Regulated business is due to ongoing growth in both the UK and European insurance businesses which generally causes EBITDA to rise at a faster rate than the surplus regulatory capital.

Capital expenditure of £16.0m for the period has increased by £2.1m primarily due to the investment in IT infrastructure in the period.

Operating free cashflow before US and Australia working capital remains consistent year on year at £45.6m (30 September 2023: £40.5m). The underlying cash conversion rate of 52% (30 September 2023: 50%) reflects the Group's continued investment to support business growth.

Australia working capital has reduced year on year as expected as the Australian business continues to run-off and US costs reflect the ongoing investment in working capital to secure growth following the recent Whirlpool contract enhancements in FY24. Debt interest paid was £33.6m (30 September 2023: £31.7m), with the year-on-year increase primarily driven by market movements in interest rates affecting the floating-rate debt plus interest on the drawn element of the RCF. Tax payments reflect underlying business growth net of the benefit of tax incentives for capital investment.

Closing unrestricted cash has slightly decreased since year end at £37.3m (31 March 2024: £42.5m). The unrestricted cash outflow for the period was £5.2m (30 September 2023: £4.8m inflow) with the comparator reflecting net cash inflows relating to the acquisition and funding of the After Inc, including RCF drawdown and equity funding.

Solvency ratio analysis

Period ended 30 September 2024

£m	DGI solo[1]	DGIEU solo[2]	Total	Consol adj.	DGA group[3]
Eligible own funds	145.7	35.1	180.8	7.5	188.3
Solvency capital requirement (SCR)	87.1	8.5	95.6	3.8	99.4
Capital surplus	58.6	26.6	85.2	3.7	88.9
Ratio of eligible own funds to SCR	167%	413%	189%		189%

Year ended 31 March 2024

£m	DGI solo[1]	DGIEU solo[2]	Total	Consol adj.	DGA group[3]
Eligible own funds	142.4	35.8	178.2	4.2	182.4
Solvency capital requirement (SCR)	83.6	8.5	92.1	2.8	94.9
Capital surplus	58.8	27.3	86.1	1.4	87.5
Ratio of eligible own funds to SCR	170%	420%	193%		192%

[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.

The qualifying capital resources of £188.3m (31 March 2024: £182.4m) held by the regulated business at the end of the quarter comfortably exceeded its capital requirements of £99.4m (31 March 2024: £94.9m), resulting in a regulatory Solvency ratio of 189% (31 March 2024: 192%), which remains in excess of the Group's 130% policy threshold.

2. PRESENTATION OF FINANCIAL INFORMATION

Cross reference

In certain areas, reference has been made to the 'Offering Memorandum'. In all cases, this refers to the offering memorandum of Galaxy Bidco Limited and Galaxy Finco Limited dated 17 July 2019, located at the following link: https://investors.domesticandgeneral.com/media/1232/emerald-efinal-bmk.pdf

Financial Information

Galaxy Finco Limited was formed in August 2013 by funds advised by CVC Advisers Limited, a leading global private equity investor, to manage the business of the D&G Group.

The Group is a portfolio company of CVC Advisers Limited as defined by the 'Guidelines for Disclosure and Transparency in Private Equity' published by David Walker in November 2007 (the 'Walker Report').

Galaxy Finco Limited is required to prepare consolidated financial statements in accordance with IAS 1 Presentation of Financial Statements.

The financial information discussed within this financial review has been prepared in accordance with the basis of preparation as described in the unaudited condensed consolidated interim financial statements of Galaxy Finco Limited for the six-month period ended 30 September 2024 included herein.

The financial review should be read in conjunction with the audited consolidated financial statements of Galaxy Finco Limited for the year ended 31 March 2024.

Refer to pages xiv – xx and pages 239 - 276 '*Certain Definitions*' in the Offering Memorandum for a list of terms and abbreviations used throughout this financial review.

Alternative Performance Measures ('APMs')

In this financial review, we present certain financial measures that are not required by or presented in accordance with IFRS because we believe they provide investors with useful additional information to measure the performance (Adjusted EBITDA) or liquidity (including Free Cash Flow).

Refer to pages x – xiii '*Non-IFRS Financial Measures*' in the Offering Memorandum for a description of these items. Please refer to page 24 of this Results statement for a reconciliation between GAAP and non-GAAP alternative performance measures.

Information Regarding Forward-Looking Statements

This financial review includes 'forward-looking statements', within the meaning of the U.S. securities laws and certain other jurisdictions, based on current expectations and projections about future events.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on the Group's behalf are expressly qualified in their entirety by the cautionary statements referred to in the sections entitled '*Forward-looking statements*' on pages xxi – xxii in the Offering Memorandum including those set forth under the sections thereof entitled '*Risk Factors*' on pages 34 – 70 in the Offering Memorandum.

Presentation

Rounding adjustments have been made in calculating some of the financial information included in this financial review. Figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

3. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Note	**Period ended 30 September 2024 (Unaudited) £m**	Restated[1] Period ended 30 September 2023 (Unaudited) £m
Insurance revenue		**551.1**	509.6
Insurance service expenses		**(424.9)**	(389.5)
Insurance service result		**126.2**	120.1
Net investment income		**1.1**	1.0
Net finance expenses from insurance contracts		**(2.6)**	(1.1)
Net financial result		**(1.5)**	(0.1)
Other income		**29.0**	27.0
Other finance expenses		**(36.3)**	(34.4)
Other operating expenses		**(97.9)**	(94.8)
Profit before taxation		**19.5**	17.8
Tax	5	**(5.5)**	(4.1)
Profit for the period		**14.0**	13.7

[1] Please refer to note 2 for details of the restatement.

The total profit for the period 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Period ended 30 September 2024 (Unaudited) £m	Restated[1] Period ended 30 September 2023 (Unaudited) £m
Profit for the period	**14.0**	13.7
Revaluation for the period	**-**	(2.6)
Currency translation differences	**(6.4)**	0.3
Changes in fair value of investments through OCI	**0.7**	0.3
Effective portion of changes in fair value of cash flow hedges – hedging reserve	**0.6**	0.3
Total comprehensive income for the period	**8.9**	12.0

[1] Please refer to note 2 for details of the restatement.

The total comprehensive income for the period is attributable to the equity shareholders of the Group.

All components of other comprehensive income may be reclassified subsequently to profit or loss.

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 September 2024 (Unaudited) £m**	31 March 2024 £m
Assets			
Cash and cash equivalents	9	**13.9**	26.4
Inventory		**0.5**	0.6
Financial investments	8	**106.4**	105.7
Trade and other receivables		**69.4**	85.0
Current tax asset		**4.8**	2.6
Insurance contract assets	10	**241.8**	203.3
Property, plant and equipment	6	**33.6**	36.5
Goodwill and intangible assets		**497.5**	511.2
Total assets		**967.9**	971.3
Liabilities			
Trade and other payables		**53.7**	74.6
Provisions		**0.4**	0.4
Loans and borrowings	11	**859.8**	855.0
Derivative liability	7	**14.6**	11.7
Deferred tax		**57.5**	56.6
Total liabilities		**986.0**	998.3
Equity			
Share capital		**138.4**	138.4
Other reserves		**(9.7)**	(4.6)
Accumulated loss		**(146.8)**	(160.8)
Total equity		**(18.1)**	(27.0)
Total equity and liabilities		**967.9**	971.3

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 2024 (Unaudited)

	Ordinary share capital £m	**Share premium £m**	**Capital contribution £m**	**Hedging reserves £m**	**Other reserves £m**	**Revaluation reserves £m**	**Accumulated loss £m**	**Total equity £m**
At 1 April 2024	**45.8**	**89.0**	**3.6**	**(1.3)**	**(3.3)**	-	**(160.8)**	**(27.0)**
Profit for the period	-	-	-	-	-	-	**14.0**	**14.0**
Other comprehensive profit/(loss) for the period	-	-	-	**0.6**	**(5.7)**	-	-	**(5.1)**
Total comprehensive profit for the period	-	-	-	**0.6**	**(5.7)**	-	**14.0**	**8.9**
Balance as at 30 September 2024	**45.8**	**89.0**	**3.6**	**(0.7)**	**(9.0)**	-	**(146.8)**	**(18.1)**

30 September 2023 (Unaudited)

	Ordinary share capital £m	Share premium £m	Capital contribution £m	Hedging reserves £m	Other reserves £m	Revaluation reserves £m	Accumulated loss £m	Total equity £m
As at 1 April 2023	0.9	89.0	-	(1.9)	(0.3)	2.6	(166.3)	(76.0)
Profit for the period	-	-	-	-	-	-	13.7	13.7
Other comprehensive profit/(loss) for the period	-	-	-	0.3	0.6	(2.6)	-	(1.7)
Total comprehensive profit for the period	-	-	-	0.3	0.6	(2.6)	13.7	12.0
Shares issued	44.9	-	-	-	-	-	-	44.9
Capital contribution	-	-	3.6	-	-	-	-	3.6
Balance as at 30 September 2023	45.8	89.0	3.6	(1.6)	0.3	-	(152.6)	(15.5)

31 March 2024

	Ordinary share capital £m	Share premium £m	Capital contribution £m	Hedging reserves £m	Other reserves £m	Revaluation reserves £m	Accumulated loss £m	Total equity £m
As at 1 April 2023	0.9	89.0	-	(1.9)	(0.3)	2.6	(166.3)	(76.0)
Profit for the year	-	-	-	-	-	-	5.5	5.5
Other comprehensive profit/(loss) for the year	-	-	-	0.6	(3.0)	(2.6)	-	(5.0)
Total comprehensive profit for the year	-	-	-	0.6	(3.0)	(2.6)	5.5	0.5
Shares issued	44.9	-	-	-	-	-	-	44.9
Capital contribution	-	-	3.6	-	-	-	-	3.6
Balance as at 31 March 2024	45.8	89.0	3.6	(1.3)	(3.3)	-	(160.8)	(27.0)

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Note	**Period ended 30 September 2024 (Unaudited) £m**	Period ended 30 September 2023 (Unaudited) £m
Net cash from operating activities	14	**(0.5)**	12.8
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1.6)**	(0.8)
Proceeds from sale of property, plant and equipment		**-**	6.3
Acquisition of software		**(13.0)**	(15.1)
Withdrawal from/(deposit of) money market funds		**0.1**	(4.5)
(Deposit in)/withdrawal from financial instrument investments		**(0.8)**	0.8
Purchase of subsidiary, net of cash acquired		**-**	(50.5)
Net cash used in investing activities		**(15.3)**	(63.8)
Cash flows from financing activities			
Repayment of lease liability		**(2.2)**	(1.6)
Amounts paid to related parties		**(0.5)**	(0.1)
Net proceeds from borrowings		**6.5**	28.9
Proceeds from equity issuances		**-**	32.8
Repayment of debt		**-**	(2.0)
Net cash from financing activities		**3.8**	58.0
Net (decrease)/ increase in cash and cash equivalents		**(12.0)**	7.0
Effects of exchange rates		**(0.5)**	(0.3)
Cash and cash equivalents at beginning of the period		**26.4**	30.3
Cash and cash equivalents at the end of the period	9	**13.9**	37.0

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 private company incorporated in Jersey. The condensed interim financial statements comprise the results and balances of the Company and its subsidiaries (together referred to as the 'Group') for the six-month period ended 30 September 2024 and the comparative periods for the six-months ended 30 September 2023 and the year ended 31 March 2023.

2. Basis for preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2024. They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with the UK adopted international accounting standards and with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The financial information contained in these interim results does not constitute statutory accounts of Galaxy Finco Limited within the meaning of Section 105 of the Companies (Jersey) Law, 1991.

These condensed consolidated interim financial statements have been prepared by applying the accounting policies used in the 31 March 2024 Annual Report and Accounts, except for the adoption of new standards that have become effective, which were in accordance with IFRS Accounting Standards issued by the IASB. At 30 September 2024, there were no unendorsed standards effective for the six-month period ended 30 September 2024 affecting these financial statements, and there was no difference between IFRSs endorsed by the UK and IFRSs issued by the IASB in terms of their application to the Group.

There were no new standards or amendments to standards that had an effect on these interim condensed consolidated interim financial statements.

Going concern

In order to assess the appropriateness of the going concern basis of accounting, the Directors have considered 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. The current geo-political and macro-economic environments continue to mean the short to medium term outlook retains a degree of inherent uncertainty. 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 exceeding 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, claims costs and interest costs. 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 financial 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 place reliance on the going concern assessment performed at year-end as the underlying assumptions and analysis remain appropriate, and the assessment period covers at least 12 months from the date of these financial statements. The Directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Prior period restatements

Following completion of the FY24 audited Annual Report and Accounts, the FY24 quarterly results have been restated reflecting prior year errors relating to certain IFRS 17 calculations. There is no change to the FY24 audited results. The restatement impacts the Income Statement and Statement of Comprehensive Income with no impact on the balance sheet or cashflow statement presented within these interim financial statements. In addition, there has been a correction to the interim tax methodology resulting in a lower tax charge of £3.2m for the period.

The net impact of these restatements on the Q2 FY24 comparative figures are as follows:

- Income Statement and Statement of Comprehensive Income: Net finance expenses from insurance contracts increased by £1.0m, insurance revenue decreased by £0.6m, insurance service expenses decreased by £0.7m. The net impact on profit before tax is a decrease of £0.9m. The impact of the above together with the correction to our interim tax methodology resulted in a £3.4m lower tax charge. Combined these have created a net increase in profit after tax for the period of £2.5m.

The impact of these restatements on the notes to the financial statements for Q2 FY24 comparative figures has been detailed in notes: 3, 5 and 14.

Critical accounting judgements and sources of estimation uncertainty

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 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 accounting judgments

i. Recoverability of 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.

ii. Financial assets – impairment provisions

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 historical data, existing market conditions, other external factors and forward-looking estimates at the end of each reporting period.

iii. Determination of earning patterns

For sales arising on 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.

iv. Level of aggregation

The Group defines a portfolio of contracts as insurance contracts subject to similar risks and which are managed together. In determining the level of aggregation, the Group has exercised judgement to determine contracts issued with similar risks and how such contracts are managed.

v. Assessment for eligibility for PAA

For a number of insurance contracts which have a coverage period that is greater than 12 months, the Group elects to apply the PAA, if at the inception of the group, the Group reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Measurement Model. The Group exercises judgement in determining the PAA eligibility criteria are met at initial recognition.

vi. Assessment of directly attributable cash flows

The Group uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cashflows, the Group also allocate fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

vii. Insurance acquisition cashflows – deferral period and earning of cashflows

Where insurance acquisition costs relate to future renewals, they are capitalised and subsequently amortised when the renewal occurs. The deferral period is determined using persistency rates based on historical data which may not be reflective of future policy life. This historical data includes the growing book of IPM policies which were introduced during FY18 and are therefore currently providing less than 8 years of data for analysis. However, based on the overall historical data analysis, based on which the Directors have determined 8 years to be an appropriate deferral period.

Insurance acquisition cashflows are earned using appropriate earnings patterns which are consistent with premium earnings patterns for the group of insurance contracts. The Group uses judgement in selecting appropriate earnings patterns – see A.iii for details of the key judgements in respect of earnings patterns.

B. Key sources of estimation uncertainty

i. 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 interest rates and inflation and geo-political factors means that the economic environment over the short to medium term retains a degree of inherent uncertainty.

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 cashflow forecasts also reflect assumptions relating to the value and timing of synergies arising from the acquisition of After Inc.

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 23 of the FY24 annual report and accounts.

ii. Measurement of the liability for incurred claims and the claims and repair cost provision

Details of the process to determine the assumption and changes in assumptions for measuring the liability for incurred claims and the claims and repairs provision relating to service plans are disclosed in note 17 of the FY24 annual report and accounts.

iii. Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

The Group allocates the asset for insurance acquisition cash flows to an associated group of contracts and to any future groups that include the contracts that are expected to arise from the renewals of the contracts in that group using a systematic and rational method. In doing so, the Group estimates the expected contracts to be included within a future group or the number of renewals that may arise from an original group when allocating the asset.

iv. Onerous contracts

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. This is based on an assessment of future cash flows, which may be uncertain due to their timing, size and/or probability. If at any time during the coverage period the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

i. Discount rates

Discounting is applied to the estimate of future cashflows. The Group has elected to apply the 'bottom-up' approach to determine the discount rate which uses the risk-free rate and adds an illiquidity premium.

The Group determines the risk-free discount rates using the Solvency II risk-free rates sourced from the Bank of England. The illiquidity premium is expected to be nil as the Group expects to settle claims within 12 months. The table below sets out the yield curve used to discount the cash flows of insurance contracts for major currencies:

30 September 2024	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**More than 5 years**
GBP	4.295%	3.896%	3.745%	3.667%	3.613%	3.591%
EURO	2.570%	2.189%	2.109%	2.099%	2.108%	2.133%
USD	3.852%	3.429%	3.300%	3.252%	3.238%	3.244%

31 March 2024	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**More than 5 years**
GBP	4.871%	4.389%	4.096%	3.902%	3.780%	3.705%
EURO	3.514%	3.035%	2.783%	2.637%	2.549%	2.502%
USD	5.041%	4.503%	4.239%	4.064%	3.960%	3.899%

ii. Risk adjustment for non-financial risk

A risk adjustment for non-financial risk is determined to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risk such as lapse risk and expense risk and reflects the degree of the Group's risk aversion.

The Group determines the risk adjustment for non-financial risk at an aggregate level using an uplift on best estimate approach to calculating the risk adjustment held, setting the risk adjustment at the 80^{th} to 90^{th} percentile (FY24: 80^{th} to 90^{th} percentile), based on Group risk appetite. The risk adjustment has been set at the 85th percentile and is allocated to groups of contracts using a systematic approach.

C. Changes in accounting estimates

In FY24, 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 a revision to the implementation of a new platform. This resulted in a net additional amortisation charge of £1.6m in the year with a corresponding benefit in future years.

3. Segment Analysis

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.

Reportable Segment	Product offering
UK	The business offers both subscription and non-subscription (e.g. cash) plans to UK customers.
International	The business offers subscription and non-subscription (e.g. cash) plans to customers outside the UK including continental Europe (Germany, Spain, Italy and Portugal) and the US. This segment also includes business in run-off (Australia & New Zealand).

b) Segment results

Insurance revenue and other income consists of subscription and cash and other revenue. Information related to each reportable segment is set out below. Segment results include items that are directly attributable to a segment and those that can be allocated on a reasonable basis. The 'Other' column mainly relates to the amortisation of acquired intangibles and finance costs relating to the Group's debt.

		International				
Unaudited	**UK**	Europe & other	US	**Total International**	**Other[4]**	**Group**
Six months ended 30 September 2024						
Insurance revenue						
Subscription	**424.0**	66.3	12.1	**78.4**	**-**	**502.4**
Cash and other insurance revenue	**20.5**	27.5	0.7	**28.2**	**-**	**48.7**
	444.5	93.8	12.8	**106.6**	**-**	**551.1**
Other income[1]						
Subscription	**9.9**	3.2	-	**3.2**	**-**	**13.1**
Cash and other insurance revenue	**-**	-	15.9	**15.9**	**-**	**15.9**
	9.9	3.2	15.9	**19.1**	**-**	**29.0**
Profit/(loss) before taxation	**51.7**	18.6	(8.9)	**9.7**	**(41.9)**	**19.5**
Non-current assets[3]	**427.8**	15.3	88.0	**103.3**	**-**	**531.1**

Unaudited	UK	International			Other[4]	Group
		Europe & other	US	Total International		
Six months ended 30 September 2023						
Restated[2] Insurance revenue						
Subscription	389.3	57.4	4.4	61.8	-	451.1
Cash and other insurance revenue	19.9	38.6	-	38.6	-	58.5
	409.2	96.0	4.4	100.4	-	509.6
Other income[1]						
Subscription	10.5	4.7	-	4.7	-	15.2
Cash and other insurance revenue	-	-	11.8	11.8	-	11.8
	10.5	4.7	11.8	16.5	-	27.0
Restated[2] Profit/(loss) before taxation	47.0	18.2	(6.5)	11.7	(40.9)	17.8
Non-current assets[3]	436.5	25.1	97.1	122.2	-	558.7

[1] Other income comprises contracts/business that do not meet the definition of insurance under IFRS 17 and are therefore accounted for under a different IFRS.
[2] Please refer to note 2 for details of the restatement.
[3] Non-current assets comprise property, plant and equipment, intangible assets, goodwill and trade and other receivables expected to be received after 12 months. Companies incorporated in Jersey are included in the UK segment for non-current assets. Comparative non-current asset audited information is as at 31 March 2024.
[4] Other profit before tax primarily includes other finance expenses of £33.0m (30 September 2023: £33.1m) and amortisation of acquired intangibles of £8.7m (30 September 2023: £8.7m).

4. Significant items

	Period ended 30 September 2024 (Unaudited) £m	Period ended 30 September 2023 (Unaudited) £m
Finance transformation including IFRS 17	**3.7**	1.6
Transaction related costs	**0.5**	1.4
Talbot Street sale	**-**	(2.6)
	4.2	0.4

Costs of £3.7m (30 September 2023: £1.6m) have been recognised relating to finance transformation including IFRS 17-related improvements to the reporting process. The £2.6m credit in the comparatives represents the recycling of the revaluation reserve to the income statement following the completion of the sale of the Group's property in Talbot Street, Nottingham on 30 April 2023.

5. Taxation

	Period ended 30 September 2024 (Unaudited) £m	Restated[1] Period ended 30 September 2023 (Unaudited) £m
Current tax charge on profit for the period	**4.2**	2.7
Deferred tax	**1.3**	1.4
Total tax charge	**5.5**	4.1

[1] Please refer to note 2.

6. Property, plant and equipment

	30 September 2024 (Unaudited) £m	31 March 2024 £m
Other owned PPE	**12.5**	14.0
Other leased PPE	**21.1**	22.5
	33.6	36.5

7. Derivative financial instruments

		30 September 2024 (Unaudited) £m	31 March 2024 £m
Derivative liability (FX forward)	(a)	**-**	(0.1)
Derivative liability	(b)	**(14.6)**	(11.6)

a) Derivative liability (FX forward)

The Group has entered into GBP/AUD foreign exchange forward contracts for the purpose of managing foreign exchange impacts relating to the run-off of the Australian business. The Group has not elected to apply hedge accounting to these instruments.

The carrying value of the Group’s derivative financial liability was:

	30 September 2024 (Unaudited) £m	31 March 2024 £m
Foreign exchange forward contracts	**-**	(0.1)

b) *Derivative liability*

The Group has entered into derivative financial instruments for the purpose of managing the Group's exposure to movements in foreign exchange rates on €150m of the total €200m Floating Rate Senior Secured Notes issued in July 2019.

The carrying value of the Group's derivative financial liability was:

	30 September 2024 (Unaudited) £m	31 March 2024 £m
Cross-currency interest rate swap	**14.6**	11.6
- Current liability	**15.5**	4.5
- Non-current (asset)/liability	**(0.9)**	7.1

The fair value of the derivative financial instruments is based on third-party market valuations.

c) *Hedge accounting*

The Group has elected to apply hedge accounting for those derivative liabilities entered into for the purpose of managing the Group's exposure to currency fluctuations on its EUR 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	3	31 July 2026

Hedging instrument – derivative liability	Notional €m	Term (years)	Maturity date
€150m cross-currency interest rate swap (CCIRS)	150	2	31 July 2025

The above hedge mitigates the Group's exposure to fluctuations in currency movements between GBP and EUR. Elements of the Group's loans and borrowings, as set out in note 11, are variable rate borrowings.

The following table sets out movements in the Group's cash flow hedge reserves:

	30 September 2024 (Unaudited) £m	31 March 2024 £m
Balance at 1 April	**(1.3)**	(1.9)
Amount recognised in equity in the period/year	**0.6**	0.6
Cash flow hedge reserves as at period end	**(0.7)**	(1.3)

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.

Cross-currency interest rate swaps typically have similar critical terms to 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 not being 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.

8. Financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- an overview of financial instruments held by the Group;
- the classification of financial instruments;
- relevant accounting policies; and
- information about determination of the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

	30 September 2024 (Unaudited)				
	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**
Money market funds	-	0.2	-	-	0.2
Investments in unlisted securities	-	61.4	-	-	61.4
Investments carried at fair value	42.5	2.3	-	-	44.8
Total financial Investments	42.5	63.9	-	-	106.4
Trade and other receivables	-	-	69.4	-	69.4
Cash and cash equivalents	-	-	13.9	-	13.9
Derivative financial instruments	-	(14.6)	-	-	(14.6)
Loans and borrowings	-	-	-	(859.8)	(859.8)
Trade and other payables	-	-	-	(53.7)	(53.7)
	42.5	49.3	83.3	(913.5)	(738.4)

	31 March 2024				
	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
Money market funds	-	0.3	-	-	0.3
Investments in unlisted securities	-	61.4	-	-	61.4
Investment carried at fair value	42.1	1.9	-	-	44.0
Total financial Investments	42.1	63.6	-	-	105.7
Trade and other receivables	-	-	85.0	-	85.0
Cash and cash equivalents	-	-	26.4	-	26.4
Derivative financial instruments	-	(11.7)	-	-	(11.7)
Loans and borrowings	-	-	-	(855.0)	(855.0)
Trade and other payables	-	-	-	(74.6)	(74.6)
	42.1	51.9	111.4	(929.6)	(724.2)

* *FVOCI - Fair value through other comprehensive income*
** *FVTPL - Fair value through profit or loss*

Investments carried at fair value through other comprehensive income relate to fixed-income securities which are managed by an external fund manager. The mandate includes 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 carried at fair value through profit and loss include £61.4m of investments in preference shares issued by Galaxy Finco 2 Limited (31 March 2024: £61.4m), a fellow subsidiary of the Group's immediate parent, Galaxy Midco 2 Limited and investments held in money market funds.

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 trade and other 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.

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).

	30 September 2024 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Investments at fair value through profit and loss	**2.3**	**0.2**	**61.4**	**63.9**
Investments at fair value through other comprehensive income	**42.5**	**-**	**-**	**42.5**
Derivative financial instruments	**-**	**(14.6)**	**-**	**(14.6)**
	44.8	**(14.4)**	**61.4**	**91.8**

	31 March 2024			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Investments at fair value through profit and loss	1.9	0.3	61.4	63.6
Investments at fair value through other comprehensive income	42.1	-	-	42.1
Derivative financial instruments	-	(11.7)	-	(11.7)
	44.0	(11.4)	61.4	94.0

Level 3 Financial Instruments	**30 September 2024 (Unaudited) £m**	31 March 2024 £m
At 1 April	**61.4**	60.3
Interest	**1.5**	3.0
Foreign exchange movements	**(1.5)**	(1.9)
At the end of the period/year	**61.4**	61.4

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. 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. There have been no transfers in or out of level 3 assets and liabilities.

9. Cash and cash equivalents

	30 September 2024 (Unaudited)	31 March 2024
	£m	£m
Bank and cash balances	**10.9**	22.7
Short-term bank deposits	**3.0**	3.7
	13.9	26.4

10. Insurance contract assets

Period ended 30 September 2024 (Unaudited)

		International				
	UK	Europe & other	US	Total international	Other	Group
	£m	£m	£m	£m	£m	£m
Insurance contracts						
Insurance contract assets/ (liabilities)	79.4	(1.5)	4.1	2.6	-	82.0
Assets for insurance acquisition cash flows	116.2	34.0	9.6	43.6	-	159.8
Insurance contracts assets	**195.6**	**32.5**	**13.7**	**46.2**	**-**	**241.8**

Year ended 31 March 2024

		International				
	UK	Europe & other	US	Total international	Other	Group
	£m	£m	£m	£m	£m	£m
Insurance contracts						
Insurance contract assets/ (liabilities)	47.6	(12.7)	1.0	(11.7)	-	35.9
Assets for insurance acquisition cash flows	125.0	36.4	6.0	42.4	-	167.4
Insurance contracts assets	**172.6**	**23.7**	**7.0**	**30.7**	**-**	**203.3**

11. Loans and borrowings

The Group's interest-bearing borrowings, which are measured at amortised cost, are as follows:

	30 September 2024 (Unaudited)	31 March 2024
	£m	£m
6.5% Senior Secured Notes due 2026	**405.0**	405.0
€200m Senior Secured Floating Rate Notes due 2026	**166.4**	171.0
9.25% Senior Notes due 2027	**150.0**	150.0
Drawn Revolving Credit Facility (RCF)	**43.5**	37.0
5.35% Loan due to Parent Company	**9.2**	9.0
5.25% Loan due to Fellow Subsidiary Company	**67.6**	65.9
Total principal	**841.7**	837.9
Transaction costs	**(7.3)**	(8.9)
Carrying amount	**834.4**	829.0
Lease liability	**25.4**	26.0
Loans and borrowings	**859.8**	855.0

For more information about the Group's exposure to interest rate risk see note 37(a) of the Group's Annual Report and Accounts for 31 March 2024.

Terms and debt repayment schedule for Loan Notes

	Nominal interest rate	Year of maturity	Principal £m	Carrying amount £m
6.5% Senior Secured Notes	6.50%	2026	405.0	**401.7**
€200m Senior Secured Floating Rate Notes	EURIBOR +5%	2026	166.4	**164.7**
9.25% Senior Notes	9.25%	2027	150.0	**147.7**
Amounts drawn under revolving credit facility	SONIA +3%	2026	43.5	**43.5**
5.35% Loan due to Parent Company	5.35%	2028	9.0	**9.2**
5.25% Loan due to Fellow Subsidiary Company	5.25%	2028	64.3	**67.6**
				834.4

The entire balance of loans and borrowings, with the exception of 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 on principal or interest or other breaches with respect to its loans and borrowings during the period ended 30 September 2024 and the year ended 31 March 2024.

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 credit facility (RCF) of £137.5m (31 March 2024: £137.5m) with a final maturity date of 1 May 2026, of which £30.0m (31 March 2024: £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. As at 30 September 2024 £43.5m (31 March 2024: £37.0) of the Group's RCF had been drawn.

12. Related parties

The nature of related party transactions of the Group are consistent in nature and scope with those disclosed in note 34 of the Group's Annual Report and Accounts for the year ended 31 March 2024.

13. Financial risk management

The Group is exposed to financial risk through its financial assets and financial liabilities, and its appliance care service plans and insurance contracts. Risks include interest rate risk, credit risk, liquidity risk and foreign exchange risk.

The nature of these risks is disclosed in note 37 of the Group's Annual Report and Accounts for the year ended 31 March 2024.

Credit ratings of significant classes of financial assets

	30 September 2024 (Unaudited)			
	A- rated (or above) Institutions £m	**BBB+ rated (or below) Institutions £m**	**Unrated £m**	**Total £m**
Cash and cash equivalents	**13.9**	**-**	**-**	**13.9**
Money market funds	**0.2**	**-**	**-**	**0.2**
Investment in unlisted securities	**-**	**-**	**61.4**	**61.4**
Investments carried at fair value	**28.1**	**16.7**	**-**	**44.8**
Trade and other receivables	**-**	**-**	**69.4**	**69.4**
	42.2	**16.7**	**130.8**	**189.7**

	31 March 2024			
	A- rated (or above) Institutions £m	BBB+ rated (or below) Institutions £m	Unrated £m	Total £m
Cash and cash equivalents	26.4	-	-	26.4
Money market funds	0.3	-	-	0.3
Investment in unlisted securities	-	-	61.4	61.4
Investments carried at fair value	26.0	18.0	-	44.0
Trade and other receivables	-	-	85.0	85.0
	52.7	18.0	146.4	217.1

14. Statement of cashflows – reconciliation of profit before tax to cashflows from operating activities

	Period ended 30 September 2024 (Unaudited) £m	Restated[1] Period ended 30 September 2023 (Unaudited) £m
Profit before tax	**19.5**	17.8
Adjustments for:		
Depreciation and amortisation	**24.8**	23.7
Other finance expenses	**36.3**	34.4
Net investment income	**(1.1)**	(1.0)
Net finance expenses from insurance contracts	**2.6**	1.1
	82.1	76.0
Changes in working capital		
Decrease in trade and other receivables	**14.8**	13.7
Increase in insurance contract assets	**(40.1)**	(35.0)
Decrease in trade and other payables	**(18.6)**	(10.0)
Cash flows from operating activities	**38.2**	44.7
Interest paid	**(32.3)**	(31.4)
Tax paid	**(6.4)**	(0.5)
Net cash (used in)/from operating activities	**(0.5)**	12.8

[1] Please refer to note 2.

15. Post balance sheet event

On 21 November 2024, Galaxy Bidco Limited, announced its plan to refinance its existing capital structure.

4. NON-GAAP ALTERNATIVE PERFORMANCE MEASURES

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 before tax, adding back depreciation, amortisation, other finance expenses 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 4 for further detail of amounts disclosed as significant in the year.
- **Other finance expenses:** represents the cost of issuing external debt and primarily exists due to the ownership structure and is not representative of underlying trading performance. Management believe removing finance charges improves year on year comparability and reduces any volatility impacts from macroeconomic markets.

The table below provides a reconciliation between GAAP and non-GAAP underlying performance measures.

Reconciliation of adjusted EBITDA to profit for the period

	Period ended 30 September 2024 (Unaudited) £m	Restated[2] Period ended 30 September 2023 (Unaudited) £m
Insurance revenue	**551.1**	509.6
Other income	**29.0**	27.0
Total revenue	**580.1**	536.6
Insurance service expense	**(424.9)**	(389.5)
Other operating expenses	**(73.9)**	(71.8)
Total expenses	**(498.8)**	(461.3)
Investment income	**1.1**	1.0
Net finance expenses from insurance contracts	**(2.6)**	(1.1)
Net financial result	**(1.5)**	(0.1)
Adjust for items excluded from adjusted EBITDA		
- Significant items	**4.2**	0.4
- Net change for depreciation included in insurance service expenses	**2.5**	3.0
Adjusted EBITDA	**86.5**	78.6
Significant items	**(4.2)**	(0.4)
EBITDA	**82.3**	78.2
Depreciation and amortisation[1]	**(26.5)**	(26.0)
Other finance expenses	**(36.3)**	(34.4)
Profit before tax	**19.5**	17.8
Tax	**(5.5)**	(4.1)
Profit for the period	**14.0**	13.7

[1] Includes adjustment for depreciation costs which are included in insurance service expenses but excluded from adjusted EBITDA

[2] Please refer to note 2.

5. 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	Profit or loss before tax, adding back depreciation, amortisation, other finance expenses and significant items
Adjusted EBITDA ex US	Group Adjusted EBITDA excluding the results of the 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
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
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%
ECL	Expected credit loss
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 individual 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 33 in the notes to the FY24 Financial Statements

IAS	International Accounting Standards
Insurance acquisition cash flows	Costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting.
Insurance revenue	Amount of expected premium receipts for providing insurance services recognised in the period
Insurance service result	Expenses associated with providing insurance services. Comprising of insurance revenue, incurred claims, amortisation of acquisition cash flows, losses on onerous contracts and other costs associated with providing insurance services.
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
Other income	The amount of non-insurance 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
Partners	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
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
PRA	The Prudential Regulation Authority (‘PRA’) is a United Kingdom financial services regulatory body. 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
PRA yield curve	The risk-free rates produced by the Bank of England, used to calculate the present value of future costs.
RCF	Revolving credit facility
Retail Point-of-Sale (‘PoS’)	A retailer protection plan sold at the same time as the appliance
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
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
Value in Use ('VIU')	The present value of the future cash flows expected to be derived from an asset or cash- generating unit