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## PRESS RELEASE

**27 February 2025**

### **DELIVERING STRONG FINANCIAL PERFORMANCE**

St. James's Place plc (SJP) today issues its results for the year ended 31 December 2024:

**Mark FitzPatrick, Chief Executive Officer, commented:**

"I am pleased to report a strong financial performance for the Group, once again demonstrating the power and quality of our advice-led model, and the value that more than one million clients place in the trusted relationships they enjoy with our advisers. Momentum in the business built as the year unfolded, with sustained net inflows and strong investment returns leading to record funds under management of £190.2 billion. This underpinned an Underlying cash result of £447.2 million, an improvement of 14% on 2023 despite the short-term costs incurred during 2024 as we progress with the implementation of our simple, comparable charging structure.

2024 was a busy year for SJP. We announced our redefined purpose and refreshed strategy, which position us for further success. We ran our first ever national brand campaign, and explored the power of financial advice through our Real Life Advice research series and our client stories. Our Polaris funds continued to be hugely popular, growing to become the UK's largest multi-asset fund range less than two years after they were launched. We also made good progress on each of our key programmes of work, in line with our plans and the financial guidance we have previously given.

As we look forward, the work we are doing to enhance our business by strengthening our core and building on our key strengths will ensure we continue to capture the compelling market opportunity in UK wealth management. The demand, and need, for financial advice is high, driven by systemic factors which means this isn't going away. We are passionate about helping more people to secure their financial futures through the power of advice, we are leveraging our scale advantage, and we are seeking to deliver better outcomes for all our stakeholders."

### **Financial and operating highlights**

- Post-tax Underlying cash result of £447.2 million (2023: £392.4 million), up 14% year-on-year despite charge structure implementation costs headwind
- Post-tax Underlying cash result basic earnings per share 82.0 pence (2023: 71.7 pence)
- IFRS profit after tax £398.4 million (2023: loss of £9.9 million)
- EEV net asset value per share £16.25 (31 December 2023: £14.11)
- Gross inflows of £18.4 billion (2023: £15.4 billion)
- Net inflows represented 2.6% of opening funds under management (2023: 3.5%)

### **Shareholder returns**

- Final dividend for 2024 of 12.00 pence per share (2023: 8.00 pence per share)
- Final share buy-back for 2024 of £92.6 million (2023: £nil)
- Full year shareholder distributions of £223.6 million (2023: £130.3 million), equivalent to 50% of the Underlying cash result for 2024 and in line with our shareholder return guidance

**Other highlights**

- We now have over 1 million clients
- Investment returns, net of all charges, represented 10.5% of opening funds under management
- Good progress made across each of our key programmes of work, in line with our plans and financial guidance

The details of the announcement are attached.

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**2024 Full Year Results Presentation**  
**Date: 27 February 2025**  
**Webcast available on-demand from: 07:00 GMT**  
**Live Q&A: 08:00 GMT**

If you have not registered to access SJP webcasts before, please complete the registration form in the link below and verify your email address. Once registered, you can access the webcast on-demand from 07:00 GMT by entering your email address and clicking sign in, also using the link below.

[Click here to register for and to access the webcast](#)

Materials accompanying the webcast will also be available from 07:00 GMT on the following page of our website.

[Click here for presentation materials](#)

**Q&A session**

Mark FitzPatrick and Caroline Waddington will be hosting a live Q&A session at 08:00 GMT. To listen to the Q&A, you will need to register and sign in using the link below. Please note that this is a different link from the webcast link above. If you wish to ask questions during this session, please dial-in to the conference call line from 07:30 GMT using the details below.

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# Chair's report

## Setting the foundations for future growth

2024 has been a year of change globally and for St. James's Place. Elections in several democratic countries have led to changes in governments, and uncertainty both before and after the events.

Change at St. James's Place has included the strengthening of the Executive team, the historic ongoing service evidence review, making progress with the implementation of our simple, comparable charging structure and the commencement of a cost and efficiency programme. These projects are significant in terms of scale and complexity and the Board has closely monitored the good progress made in 2024. Notwithstanding the scale of change, which the Chief Executive Officer covers in his report, the business has performed well during the year. This demonstrates the strength of our proposition and the requirement for financial advice.

### The Board and governance

As I explain in more detail in the Report of the Group Nomination and Governance Committee, succession planning remains an important focus for the Board and in 2024, we have seen the appointment of a new Senior Independent Director in Simon Fraser and a new Chief Financial Officer in Caroline Waddington. Both have been welcome additions to the Board, bringing with them a depth of experience and diversity of thought. Caroline was appointed following Craig Gentle's decision to retire. Craig had been with St. James's Place since 2016 and served as Chief Financial Officer since 1 January 2018. On behalf of the Board I would like to thank Craig for his contribution, in particular his careful stewardship of the Group's finances, whilst also wishing him the best for the future.

Emma Griffin and Lesley-Ann Nash have decided to step down from the Board following the Annual General Meeting to pursue other opportunities and I would like to express the Board's gratitude for their contributions during their time on the Board. I am delighted to welcome Rooney Anand to the Board, following his appointment as a Non-executive Director on 1 January 2025.

Succession planning is well underway and will take account of the impact of the departure of Emma and Lesley-Ann on the balance of skills, experience and diversity on the Board. Further detail on the work of the Group Nomination and Governance Committee can be found in its report in the Annual Report and Accounts 2024.

### The Board's priorities and our strategy

The Board believes that St. James's Place has a significant opportunity in the UK market given the current lack of advice available to many potential clients. We will only maximise that opportunity if we serve our current clients well and position the business to be attractive to these potential new clients. The business review we conducted during the year therefore focused on improving our proposition in terms of service, technology, investment performance, culture and good governance. Client outcomes are the focus of all we do and in this regard the Chief Executive Officer and his much-strengthened Executive team have been making good progress. The Board believes all stakeholders will benefit from these changes.

In redefining our purpose and refreshing our strategy, the Board has had an opportunity to reflect on how our culture aligns with our vision of the future. Recognising the importance of tone from the top, the Board has been pleased to see how changes to the Executive team have positively reinforced the values expected across the wider workforce. The Board continues to assess and monitor culture both through the formal reporting it receives from management and via its broader engagement with the workforce and other stakeholders. Details on this are set out in the corporate governance report in the Annual Report and Accounts 2024. Where we identify areas of concern, the Board engages with management to ensure corrective action is taken.

### Shareholder returns

As announced in February 2024, the Board expects that annual shareholder returns will be set at 50% of the full year Underlying cash result for 2024, 2025 and 2026. This will comprise 18.00 pence per share in annual dividends declared with the balance returned through share buy-backs. Shareholder returns proposed by the Board for 2024 are in line with this guidance. Full details can be found in the Chief Financial Officer's report.

**Concluding remarks**

I would like to express my thanks to my Board colleagues and management for their support and hard work during 2024, and commend employees and our Partner businesses for the strong performance achieved in a challenging year. I have provided a high-level overview of some of the key areas of the Board's activity in 2024 and would encourage you to read the corporate governance report, which provides more detail. I look forward to welcoming shareholders to this year's Annual General Meeting, which will be held on 13 May 2025.

**Paul Manduca**

Chair

26 February 2025

# Chief Executive Officer's report

## We have a clear path forward

I am pleased to report a strong year for the Group, once again demonstrating the power and quality of our advice-led model and the value that over one million clients place in the trusted relationships they enjoy with our advisers.

### Operating performance

2024 presented a mixed environment for UK consumers. Positively, we saw headline inflation falling and Bank of England base rate cuts, increasing the capacity for long-term investment for some individuals. However, this was tempered by uncertainty in the UK, particularly in advance of the Autumn Budget. There was also uncertainty in the US in the run up to their elections, and subsequently in anticipation of the impact of the Trump administration. In addition, pressures on disposable income persisted, with mortgage costs rising for many households. Overall, this meant that consumer confidence remained fragile.

Against this backdrop, and in a year which in many ways was challenging for the business, we are very pleased with our business and financial performance. Gross inflows for 2024 were £18.4 billion, up 20% on 2023, with momentum building during the year. Retention of client funds under management (FUM) remained strong at 94.5%, resulting in net inflows of £4.3 billion, representing 2.6% of opening FUM.

### Investment performance

Our investment management approach (IMA) continued to perform well for clients, with our portfolios delivering strong returns that compared favourably against peer groups, supporting great outcomes for our clients. Our net investment return for 2024 represented over 10% of opening FUM, and it's important to remember that is after all charges, including advice.

Our Polaris multi-asset fund range continued to be very successful. Polaris packages our most sophisticated investment thinking in a simple structure for clients looking to grow their wealth. It has been incredibly popular, and has quickly grown to be the largest retail multi-asset range in the UK less than two years after it was launched. It had over £60 billion invested across the four risk-rated solutions at 31 December 2024, and Polaris 3 is now the single largest fund in the country.

Strong investment returns in Polaris and our other funds, combined with sustained net inflows, drove our FUM to a record £190.2 billion at the end of the year, up 13% on 2023.

### Financial performance

This operating and investment performance led to strong financial results. Our Underlying cash result of £447.2 million is up 14% on 2023, reflecting growth in FUM and the associated income. This increase is despite the significant short-term costs incurred during 2024 as we progress with the implementation of our simple, comparable charging structure, which I cover in more detail later on. Excluding these costs, the Underlying cash result increased by 27%.

This performance reaffirms the strength, quality and resilience of our advice-led business model.

### Market opportunity

The market opportunity across all segments in UK wealth management is compelling, with UK individuals having £3.3 trillion in liquid investable assets, which is expected to grow at 7% per annum, compound, to 2030. In the advised space we expect demand to only get stronger over time, driven by systemic factors including the complexity of pension and taxation rules. Take the 2024 Autumn Budget as an example – bringing pensions into scope for inheritance tax purposes only adds to the complexity of estate planning, driving the need for financial advice.

The advice and savings gaps in the UK continue to grow. We are playing our part in closing them, using our industry leadership to champion financial advice in the media, with policymakers and regulators. As part of this we are proud to have increased our profile by running our first national brand campaign that focused on invaluable personal advice.

We have also showcased the wide-ranging benefits that advice can have through our client stories, some of which you can see throughout the Annual Report and Accounts 2024, and our Real Life Advice research series. Alongside this, we are working closely with the UK Government and the FCA on the opportunities presented within the Advice Guidance Boundary Review (AGBR).

## **Our redefined purpose and refreshed strategy**

In July we set out the results of our comprehensive business review. Whilst our business continues to perform strongly throughout the cycle due to the high quality advice our advisers provide to clients, we are not complacent. We are evolving to position for further success, so we can capture the fantastic market opportunity and continue to drive great outcomes for clients, advisers and all stakeholders going forward.

Our strategic direction is underpinned by our redefined purpose: to empower clients with invaluable advice to realise bolder ambitions. This is what drives our 4,920 advisers across the Partnership, our employees and everyone else in the SJP community. This is why we get up in the morning. We want to be known as the home of invaluable advice.

Our refreshed strategy sees us leverage our great strengths, whilst making the changes necessary to drive sustained growth, and to capture economies of scale as we succeed. We are building a confident, high-performance culture that will see SJP thrive for the benefit of all stakeholders.

The key components of our strategy, which will take us to 2030, are set out in the Annual Report and Accounts 2024. In the near-term, we are focused on strengthening our fundamentals by safely delivering our key programmes of work: implementing our simple, comparable charging structure, completing our historic ongoing service evidence review, and executing our cost and efficiency programme.

All of this requires a period of heavy lifting, after which we will have more capacity to focus on elevating and expanding our leading offering for clients and advisers as we look to drive sustained growth over the long term.

However, where we have capacity within the business, alongside these key programmes we are progressing with our other strategic initiatives. For example, we're developing and trialling AI tools to support advisers with administrative and technical queries, which will enhance efficiency. In addition, our investment team is exploring options around a dedicated passives proposition.

## **Progress with our key programmes**

### **Simple, comparable charges**

We continue to make good progress with the implementation of our simple, comparable charging structure. We believe this will help to improve the perception of SJP and the value of our proposition, making us more attractive to potential clients and advisers.

We are well advanced with the IT infrastructure build necessary to deliver the programme, and we are working through an extensive testing plan. Alongside this, we are equipping our advisers with a comprehensive suite of tools and materials to ensure they understand the impact of the new charging structure, and can explain it to clients. We will shortly start to communicate the changes to clients directly.

Though we still have a lot of heavy lifting to do to complete the project over the next few months, we remain on track for it to be in place by the second half of 2025, and for delivery to be on budget.

### **Historic ongoing service evidence review**

We have progressed our review of historic client servicing records. We have been building the infrastructure needed to collate and analyse these efficiently and accurately, and validating evidence to correctly identify servicing gaps across our client base.

We said from the outset that this is a very significant exercise that would take the best part of two to three years to complete. We anticipate making substantial headway during 2025.

We note the recent FCA statement on ongoing financial advice services and appreciate the guidance it provides. We are focused on completing our programme of work and will take into consideration the FCA's guidance as we move through that programme. We remain confident in the adequacy of our provision.

### **Cost and efficiency programme**

As we set out in July, we are evolving how we operate to align to our refreshed strategy. To create the capacity to invest in our strategic initiatives, as well as improve the Cash result, we have commenced our cost and efficiency programme. Our ambition is to take around £100 million per annum before tax out of our addressable cost base by 2027, and we are on track to deliver this.

We are working to implement a range of operating efficiencies, including changing our organisational design to ensure we have the right people in the right places to support our strategic ambitions, simplifying our technology estate, and optimising our procurement.

### **Summary**

2024 has been a successful year for the business, which is testament to the strength and quality of our advisers, employees and all those within the SJP community. They have remained fully committed to driving great client outcomes during a period of significant ongoing change in the business, and I thank them for their continued efforts.

As we look forward, the work we are doing to enhance our business by strengthening our core and building on our key strengths will ensure we continue to capture the compelling market opportunity in UK wealth management. The demand, and need, for financial advice is high, driven by systemic factors which means this isn't going away. We are passionate about helping more people to secure their financial futures through the power of advice, we are leveraging our scale advantage, and we are seeking to deliver better outcomes for all our stakeholders.

**Mark FitzPatrick**

Chief Executive Officer

26 February 2025

# Chief Financial Officer's report

## We are delivering strong financial results

I am delighted to present a strong set of financial results in my first report as Chief Financial Officer.

Since joining the business in September 2024, I have been struck by the power of our business model, and how it translates into fundamentally predictable income. Clients truly value the trusted, personal relationship they build with their adviser, as demonstrated by our high retention levels through what has been a challenging time for the business. The advice we provide really is invaluable in helping them navigate the ups, downs and complexities of their lives. Having been a client with the same adviser for 27 years, I know this first-hand.

### Financial business model

I have also been struck by the simplicity of our financial business model. When clients choose to invest with us our stock of funds under management (FUM) grows. Our income is based on the value of FUM, and so attracting new clients to invest with us, retaining the investments made by existing clients, and positive investment performance are key to future growth in income and hence returns.

Our primary profit drivers are annual product management charges on FUM. Under our current charging structure, most of our investment bond and pension business is not subject to these charges for the first six years after an investment is made. We refer to FUM in this period as being in 'gestation'. Gestation FUM at any point in time rolls out into mature FUM and so becomes subject to annual product management charges over the following six years, which provides a high degree of visibility to our future income growth.

We will be simplifying our charging structure by the second half of 2025. This is an important change for the financial business model. From the point of implementation, we will benefit from all charges applying from the day that a new investment is made. We will not have to wait six years for new investment bond and pension business to contribute recurring income to the Cash result. In addition, we will continue to benefit from existing gestation FUM at the point of transition maturing to make a positive contribution. The dynamics of our new charging structure, together with the visibility of future income growth from maturing FUM in gestation, build a powerful picture of how our income can develop in the medium term – conscious, of course, of the expected dip in profitability in 2025 and 2026 as we transition between structures.

Combined with our focus on managing expenses, whether they are fixed in nature or vary with FUM or business levels, this supports our ambition to double the Underlying cash result over the period from 2023 to 2030.

### Financial performance in 2024

As Mark has already set out in his Chief Executive Officer's report, our FUM grew by 13% over the year to a record £190.2 billion. This increase in FUM has driven an increase in the income we receive from it. Paired with continued discipline in managing our costs, this has enabled us to deliver IFRS profit after tax of £398.4 million (2023: loss of £9.9 million), and a post-tax Underlying cash result of £447.2 million, up 14% year-on-year.

This is despite the short-term costs incurred during 2024 as we progress with the implementation of our simple, comparable charging structure, which was £59.5 million for the year post-tax (2023: £7.2 million). If these costs are excluded, the Underlying cash result would be up 27% on 2023.

### Simple, comparable charges

The implementation costs for 2024 were approximately £12 million post-tax lower than we originally guided to in October 2023. These costs have been deferred into 2025.

We expect the overall implementation costs for the project to be towards the upper end of our original guidance range of £140 million to £160 million pre-tax. It is important to note that this cost phasing change does not impact our planned implementation timetable, which remains by the second half of 2025.

### Historic ongoing service evidence review

Mark has provided an update on this significant programme of work in his Chief Executive Officer's report. From a financial perspective there is no change in our estimate of the cost of the programme, and so we remain comfortable with our provision.

## Cost and efficiency programme

A key area of focus during the year has been our cost and efficiency programme. We have an ambition to take around £100 million per annum before tax out of our addressable cost base by 2027. We'll do this by operating more effectively at scale, creating capacity to invest in our business to drive further growth, underpinning a growing Cash result over time.

We are on track to deliver the programme by 2027, and in line with the financial guidance provided in July 2024. For 2024 the cost and efficiency programme has had no material impact on our results as the costs to achieve the savings we have identified have, as expected, offset the savings achieved. We anticipate this will also be the case for 2025, as the benefits we realise, net of costs to achieve, are reinvested in the business to drive future growth.

## Financial position and solvency

Our IFRS consolidated statement of financial position contains policyholder assets and liabilities. To understand the assets and liabilities that shareholders can benefit from, these policyholder balances, along with 'accounting' balances such as deferred income (DIR) and deferred acquisition costs (DAC), are removed in the Solvency II Net Assets Balance Sheet. This balance sheet is straightforward, and demonstrates we are in a strong financial position. It is analysed in section 2.2 of the financial review.

We take a prudent approach to managing the balance sheet and our capital requirements. Given the simplicity of our business model, we manage solvency by holding assets to match client unit-linked liabilities, and allow for a management solvency buffer (MSB). At 31 December 2024 we held surplus assets over the MSB of £892.2 million (31 December 2023: £603.5 million).

## Capital allocation

I am fully committed to our capital allocation framework, which sets out our disciplined approach to allocating our capital resources:

1. We will **maintain a strong balance sheet**, ensuring the safety of client investments.
2. We will **invest to drive organic growth**, ensuring we have the necessary core capabilities in the business.
3. We will **deliver reliable annual shareholder returns**, which are in line with guidance.
4. We will **return excess capital** over and above what we need to invest in the business at attractive returns.

We see being deliberate and disciplined in how we manage capital allocation as critical to ensuring we have a well-invested business that drives returns and creates sustained value for shareholders.

## Shareholder returns

As announced in February 2024, the Board expects that annual shareholder returns will be set at 50% of the full year Underlying cash result for 2024, 2025 and 2026. This will comprise 18.00 pence per share in annual dividends declared with the balance returned through share buy-backs. The Board intends to reassess its approach to shareholder distributions for 2027 and beyond at the appropriate time.

Following the payment of a 6.00 pence per share interim dividend and a £32.9 million share buy-back programme in September, the Board are declaring a 12.00 pence per share final dividend, subject to shareholder approval at the AGM, and a £92.6 million final share buy-back programme for 2024. This will bring the total shareholder returns to £223.6 million for the year, equivalent to 50% of the Underlying cash result.

## Summary

We've had a successful year, which has translated into strong financial results. We have grown our Underlying cash result by 14% despite short-term cost headwinds as we implement our new charging structure. We have an attractive and highly visible earnings profile, a robust balance sheet, and a disciplined approach to capital allocation.

## Caroline Waddington

Chief Financial Officer

26 February 2025

# Summary financial information

|                                                       |    | Year ended<br>Page 31 December<br>reference 2024 | Year ended<br>31 December<br>2023 |
|-------------------------------------------------------|----|--------------------------------------------------|-----------------------------------|
| <b>FUM-based metrics</b>                              |    |                                                  |                                   |
| Gross inflows (£'Billion)                             | 13 | <b>18.4</b>                                      | 15.4                              |
| Net inflows (£'Billion)                               | 13 | <b>4.3</b>                                       | 5.1                               |
| Total FUM (£'Billion)                                 | 13 | <b>190.2</b>                                     | 168.2                             |
| Total FUM in gestation (£'Billion)                    | 14 | <b>50.1</b>                                      | 47.6                              |
| <b>IFRS-based metrics</b>                             |    |                                                  |                                   |
| IFRS profit/(loss) after tax (£'Million)              | 17 | <b>398.4</b>                                     | (9.9)                             |
| IFRS profit/(loss) before shareholder tax (£'Million) | 17 | <b>535.9</b>                                     | (4.5)                             |
| IFRS basic earnings per share (EPS) (Pence)           |    | <b>73.0</b>                                      | (1.8)                             |
| IFRS diluted EPS (Pence)                              |    | <b>72.6</b>                                      | (1.8)                             |
| Dividend per share (Pence)                            |    | <b>18.00</b>                                     | 23.83                             |
| <b>Cash result-based metrics</b>                      |    |                                                  |                                   |
| Controllable expenses (£'Million)                     | 18 | <b>291.7</b>                                     | 283.3                             |
| Underlying cash result (£'Million)                    | 18 | <b>447.2</b>                                     | 392.4                             |
| Cash result (£'Million)                               | 18 | <b>447.2</b>                                     | 68.7                              |
| Underlying cash result basic EPS (Pence)              |    | <b>82.0</b>                                      | 71.7                              |
| Underlying cash result diluted EPS (Pence)            |    | <b>81.5</b>                                      | 70.5                              |
| <b>EEV-based metrics</b>                              |    |                                                  |                                   |
| EEV net asset value per share (£)                     |    | <b>16.25</b>                                     | 14.11                             |
| <b>Solvency-based metrics</b>                         |    |                                                  |                                   |
| Management solvency buffer (£'Million)                | 33 | <b>548.4</b>                                     | 529.5                             |
| Solvency ratio (Percentage)                           |    | <b>193%</b>                                      | 191%                              |

A complete glossary of APMs is set out on pages 75 to 78.

The Cash result should not be confused with the IFRS consolidated statement of cash flows, which is prepared in accordance with IAS 7.

# Financial review

This financial review provides analysis of the Group's financial position and performance.

It is split into the following sections:

## Section 1

### Funds under management (FUM)

- 1.1 FUM analysis
- 1.2 Gestation

Find out more on pages 13 to 15.

## Section 2

### Performance measurement

- 2.1 International Financial Reporting Standards (IFRS)
- 2.2 Cash result
- 2.3 European Embedded Value (EEV)

Find out more on pages 16 to 32.

## Section 3

### Solvency

Find out more on page 33.

## Section 1

### Funds under management

#### 1.1 FUM analysis

During 2024 our advisers attracted £18.4 billion (2023: £15.4 billion) of new client investments and client retention rates remained strong at 94.5% (2023: 95.3%). As a result we generated £4.3 billion (2023: £5.1 billion) of net inflows, once again demonstrating the strength of our advice-led business model.

Our investment management approach has continued to work well for clients, with our portfolios delivering strong returns that compare favourably against peer groups. This, together with another year of net inflows, resulted in FUM increasing by 13% to a record £190.2 billion (2023: £168.2 billion). Growth in FUM provides our business with good visibility over future growth in income and the creation of sustainable value for shareholders over time.

The following table shows how FUM evolved during 2024 and 2023. Investment return is presented net of all charges.

|                                                              | 2024               |               |                   | 2023          |           |
|--------------------------------------------------------------|--------------------|---------------|-------------------|---------------|-----------|
|                                                              | Investment<br>bond | Pension       | UT/ISA and<br>DFM | Total         | Total     |
|                                                              | £'Billion          | £'Billion     | £'Billion         | £'Billion     | £'Billion |
| Opening FUM                                                  | 35.99              | 87.32         | 44.89             | 168.20        | 148.37    |
| Gross inflows                                                | 2.42               | 12.06         | 3.93              | 18.41         | 15.39     |
| Net investment return                                        | 3.37               | 10.03         | 4.28              | 17.68         | 14.71     |
| Regular income withdrawals and maturities                    | (0.36)             | (3.92)        | –                 | (4.28)        | (2.77)    |
| Surrenders and part-surrenders                               | (2.24)             | (3.51)        | (4.05)            | (9.80)        | (7.50)    |
| <b>Closing FUM</b>                                           | <b>39.18</b>       | <b>101.98</b> | <b>49.05</b>      | <b>190.21</b> | 168.20    |
| <b>Net flows</b>                                             | <b>(0.18)</b>      | <b>4.63</b>   | <b>(0.12)</b>     | <b>4.33</b>   | 5.12      |
| <b>Implied surrender rate as a percentage of average FUM</b> | <b>6.0%</b>        | <b>3.7%</b>   | <b>8.6%</b>       | <b>5.5%</b>   | 4.7%      |

Included in the table above is:

- Rowan Dartington Group FUM of £3.49 billion at 31 December 2024 (31 December 2023: £3.43 billion), gross inflows of £0.24 billion for the year (2023: £0.36 billion) and outflows of £0.24 billion (2023: £0.18 billion).
- SJP Asia FUM of £1.90 billion at 31 December 2024 (31 December 2023: £1.72 billion), gross inflows of £0.26 billion for the year (2023: £0.21 billion) and outflows of £0.22 billion (2023: £0.15 billion).

The following table shows our sustained net inflows and the progression of FUM over the past six years.

| Year        | Opening FUM<br>as at 1 January | Net inflows | Investment Closing FUM as<br>return at 31 December |              |
|-------------|--------------------------------|-------------|----------------------------------------------------|--------------|
|             | £'Billion                      | £'Billion   | £'Billion                                          | £'Billion    |
| <b>2024</b> | <b>168.2</b>                   | <b>4.3</b>  | <b>17.7</b>                                        | <b>190.2</b> |
| 2023        | 148.4                          | 5.1         | 14.7                                               | 168.2        |
| 2022        | 154.0                          | 9.8         | (15.4)                                             | 148.4        |
| 2021        | 129.3                          | 11.0        | 13.7                                               | 154.0        |
| 2020        | 117.0                          | 8.2         | 4.1                                                | 129.3        |
| 2019        | 95.6                           | 9.0         | 12.4                                               | 117.0        |

The following table provides a geographical and investment-type analysis of FUM at 31 December.

|                           | 31 December 2024 |                        | 31 December 2023 |                        |
|---------------------------|------------------|------------------------|------------------|------------------------|
|                           | £'Billion        | Percentage<br>of total | £'Billion        | Percentage<br>of total |
| North American equities   | <b>74.9</b>      | <b>39%</b>             | 57.4             | 34%                    |
| Fixed income securities   | <b>31.6</b>      | <b>17%</b>             | 27.1             | 16%                    |
| European equities         | <b>24.3</b>      | <b>13%</b>             | 23.6             | 14%                    |
| Asia and Pacific equities | <b>24.0</b>      | <b>13%</b>             | 20.5             | 12%                    |
| UK equities               | <b>16.0</b>      | <b>8%</b>              | 16.0             | 10%                    |
| Alternative investments   | <b>6.2</b>       | <b>3%</b>              | 10.5             | 6%                     |
| Cash                      | <b>6.9</b>       | <b>4%</b>              | 7.2              | 4%                     |
| Other                     | <b>5.0</b>       | <b>2%</b>              | 4.1              | 3%                     |
| Property                  | <b>1.3</b>       | <b>1%</b>              | 1.8              | 1%                     |
| <b>Total</b>              | <b>190.2</b>     | <b>100%</b>            | 168.2            | 100%                   |

## 1.2 Gestation

As explained in our financial business model in the Chief Financial Officer's report, due to our current product structure for most investment bond and pension business, there is a significant amount of FUM in 'gestation'. This means it is not subject to annual product management charges, our key profit driver. FUM rolls out of gestation into 'mature' FUM six years after initial investment, at which point it becomes subject to annual product management charges for the first time.

Approximately 54% of gross inflows for 2024, after initial charges, moved into gestation FUM (2023: 54%).

The following table shows an analysis of FUM, after initial charges, split between mature FUM that is contributing net income to the Cash result and FUM in gestation which is not yet contributing. The value of both mature and gestation FUM is impacted by investment return as well as net inflows.

| Position as at          | Mature FUM contributing to the Cash result | Gestation FUM that will contribute to the Cash result in the future | Total FUM    |
|-------------------------|--------------------------------------------|---------------------------------------------------------------------|--------------|
|                         | £'Billion                                  | £'Billion                                                           | £'Billion    |
| <b>31 December 2024</b> | <b>140.1</b>                               | <b>50.1</b>                                                         | <b>190.2</b> |
| 31 December 2023        | 120.6                                      | 47.6                                                                | 168.2        |
| 31 December 2022        | 102.9                                      | 45.5                                                                | 148.4        |
| 31 December 2021        | 104.7                                      | 49.3                                                                | 154.0        |
| 31 December 2020        | 85.9                                       | 43.4                                                                | 129.3        |

We will be simplifying our charging structure by the second half of 2025. Under the revised charging structure, new business will no longer enter a period of gestation and the existing gestation FUM at the point of implementation will gradually mature. After this point there will be no further concept of gestation FUM. In the meantime, gestation FUM continues to be a material store of shareholder value that will make a significant contribution to the Cash result in the future.

The following table gives an indication, for illustrative purposes, of the way in which gestation FUM could mature and start to contribute to the Cash result over the next six years and beyond. Once it has all matured, it could contribute a further £289.1 million per annum to net income from FUM and hence the Underlying cash result, at no additional cost.

For simplicity the table assumes that FUM values remain unchanged, that there are no surrenders, and that business is written at the start of the year. Allowance has been made for the reduction in ongoing charges under our new charging structure. Actual emergence in the Cash result will reflect the varying business mix of the relevant cohort and business experience

| Year | Cumulative gestation FUM maturity profile | Gestation FUM future contribution to the post-tax Cash result |
|------|-------------------------------------------|---------------------------------------------------------------|
|      | £'Billion                                 | £'Million                                                     |
| 2025 | 6.5                                       | 45.2                                                          |
| 2026 | 13.9                                      | 80.4                                                          |
| 2027 | 22.3                                      | 128.8                                                         |
| 2028 | 31.9                                      | 184.3                                                         |
| 2029 | 40.8                                      | 235.8                                                         |
| 2030 | 50.1                                      | 289.1                                                         |

## Section 2

### Performance measurement

In line with statutory reporting requirements, we report profits assessed on an IFRS basis. The presence of a significant life insurance company within the Group means that, although we are an advice-led wealth manager in substance with a simple business model, we apply IFRS accounting requirements for insurance companies. These requirements lead to financial statements which are more complex than those of a typical wealth manager and so our IFRS results may not provide the simplest presentation for users who are trying to understand our business.

Key examples of this include:

- Our IFRS consolidated statement of comprehensive income includes policyholder tax balances which we are required to recognise as part of our corporation tax arrangements. This means that our Group IFRS profit before tax includes amounts charged to clients to meet policyholder tax expenses, which are unrelated to the underlying performance of our business.
- Our IFRS consolidated statement of financial position includes policyholder liabilities and the corresponding assets held to match them, and so policyholder liabilities increase or decrease to match increases or decreases experienced on these assets. This means that shareholders are not exposed to any gains or losses on the £190.0 billion of policyholder assets and liabilities recognised in our IFRS consolidated statement of financial position, which represented over 97% of our IFRS total assets and liabilities at 31 December 2024.

We therefore present our financial performance and position on three different bases, using a range of alternative performance measures (APMs) to supplement our IFRS reporting. These APMs strip out policyholder balances, and remove items such as deferred acquisition costs (DAC) and deferred income (DIR) to reflect Solvency II recognition requirements and to better match the way in which cash emerges from the business. The three different bases, which are consistent with those presented last year, are:

- International Financial Reporting Standards (IFRS)
- Cash result
- European Embedded Value (EEV)

APMs are not defined by the relevant financial reporting framework (which for the Group is IFRS), but we use them to provide greater insight to the financial performance, financial position and cash flows of the Group and the way it is managed. The glossary of alternative performance measures (APMs) included within the Annual Report and Accounts 2024 defines each APM used in our financial review, explains why it is used and, if applicable, how the measure can be reconciled to the IFRS consolidated financial statements. It also sets out the rationale for any APM we have ceased to report during the year.

## 2.1 International Financial Reporting Standards (IFRS)

To address the challenge of policyholder tax being included in the IFRS results we focus on IFRS profit before shareholder tax, an APM, as our pre-tax metric.

This is a profit measure based on IFRS which aims to remove the impact of policyholder tax. The following table demonstrates the way in which IFRS profit before shareholder tax is presented in the consolidated statement of comprehensive income.

|                                                  | <b>Year ended<br/>31 December<br/>2024</b> | Year ended<br>31 December<br>2023 |
|--------------------------------------------------|--------------------------------------------|-----------------------------------|
|                                                  | <b>£'Million</b>                           | £'Million                         |
| <b>IFRS profit before tax</b>                    | <b>1,049.1</b>                             | 439.6                             |
| Policyholder tax                                 | <b>(513.2)</b>                             | (444.1)                           |
| <b>IFRS profit/(loss) before shareholder tax</b> | <b>535.9</b>                               | (4.5)                             |
| Shareholder tax                                  | <b>(137.5)</b>                             | (5.4)                             |
| <b>IFRS profit/(loss) after tax</b>              | <b>398.4</b>                               | (9.9)                             |

However, in both the current and prior year IFRS profit/(loss) before shareholder tax and IFRS profit/(loss) after tax have been reduced by another nuance of life insurance tax which we refer to as policyholder tax asymmetry.

External market conditions during the year drive the movement in the tax asymmetry balances. Net market gains during 2024 have resulted in a negative policyholder tax asymmetry impact of £38.9 million (2023: negative impact of £44.4 million).

Shareholder tax reflects the tax charge attributable to shareholders and is closely related to the performance of the business. However, it can vary year on year due to several factors: further detail is set out in Note 6 Income and deferred taxes.

### Change in APMs

In previous years, in addition to IFRS profit before shareholder tax we also reported underlying profit as an APM in this section. This was calculated as IFRS profit before shareholder tax, adjusted for the impact of movements in DAC, DIR and the purchased value of in-force business (PVIF). We have retired underlying profit as a separate APM for 2024 as we look to simplify our reporting. The movement in DAC, DIR and PVIF is now presented as part of the reconciliation between IFRS profit and the Cash result.

## 2.2 Cash result

The Cash result is used by the Board to assess and monitor the level of cash profit generated by the business. It is presented net of tax, and is based on IFRS with adjustments made to exclude policyholder balances and certain non-cash items, such as DAC, DIR, deferred tax and equity-settled share-based payment costs. The reconciliation to IFRS can be found on pages 21 to 24, and further details, including the full definition of the Cash result, can be found in the glossary of APMs. Although the Cash result should not be confused with the IAS 7 consolidated statement of cash flows, it provides a helpful supplementary view of the way in which cash is generated and emerges within the Group.

The following table shows an analysis of the Cash result using two different measures:

- **Underlying cash result**  
This measure represents the regular emergence of cash from the business, excluding any items of a one-off nature and temporary timing differences.
- **Cash result**  
This measure includes items of a one-off nature and temporary timing differences.

### Consolidated Cash result (presented post-tax)

|                                       |      |              |                |              | Year ended<br>31 December<br>2023 |
|---------------------------------------|------|--------------|----------------|--------------|-----------------------------------|
|                                       |      |              |                |              | Year ended 31 December 2024       |
|                                       |      | In-force     | New business   | Total        | Total                             |
|                                       | Note | £'Million    | £'Million      | £'Million    | £'Million                         |
| Net annual management fee             | 1    | 1,034.2      | 74.5           | 1,108.7      | 1,000.8                           |
| Reduction in fees in gestation period | 1    | (425.1)      | –              | (425.1)      | (401.6)                           |
| <b>Net income from FUM</b>            | 1    | <b>609.1</b> | <b>74.5</b>    | <b>683.6</b> | 599.2                             |
| Margin arising from new business      | 2    | –            | 117.4          | 117.4        | 104.5                             |
| Controllable expenses                 | 3    | (22.2)       | (269.5)        | (291.7)      | (283.3)                           |
| Asia – net investment                 | 4    | –            | (10.2)         | (10.2)       | (19.4)                            |
| DFM – net investment                  | 4    | –            | (2.4)          | (2.4)        | (6.4)                             |
| Regulatory fees and FSCS levy         | 5    | (2.2)        | (19.3)         | (21.5)       | (23.1)                            |
| Shareholder interest                  | 6    | 66.0         | –              | 66.0         | 61.8                              |
| Tax relief from capital losses        |      | –            | –              | –            | 2.1                               |
| Charge structure implementation costs | 7    | –            | (59.5)         | (59.5)       | (7.2)                             |
| Miscellaneous                         | 8    | (34.5)       | –              | (34.5)       | (35.8)                            |
| <b>Underlying cash result</b>         |      | <b>616.2</b> | <b>(169.0)</b> | <b>447.2</b> | 392.4                             |
| Ongoing Service Evidence provision    | 9    | –            | –              | –            | (323.7)                           |
| <b>Cash result</b>                    |      | <b>616.2</b> | <b>(169.0)</b> | <b>447.2</b> | 68.7                              |

The Underlying cash result of £447.2 million for 2024 (2023: £392.4 million) is 14% higher than the prior year, driven by the increase in income received from growing levels of FUM. In 2023 the Cash result was significantly impacted by the establishment of the Ongoing Service Evidence provision, which meant the result of £68.7 million was substantially lower than the Underlying cash result. There have been no items recognised outside of the Underlying cash result for 2024, meaning the Cash result and the Underlying cash result are both £447.2 million.

## Notes to the Cash result

### 1. Net income from FUM

The **net annual management fee** is the net manufacturing margin that the Group retains from FUM after payment of the associated costs: for example, advice fees paid to Partners, investment management fees paid to external fund managers and the policy servicing tariff paid to our third-party administration provider. Each product has standard fees, but they vary between products. Overall post-tax margin on FUM reflects business mix but also the different tax treatments, particularly life insurance tax on onshore investment bond business.

As explained in our financial business model in the Chief Financial Officer's report, our investment bond and pension business product structure means that these products do not contribute to net Cash result, after the margin arising from new business, during the first six years. This is known as the 'gestation period' and is reflected in the **reduction in fees in gestation period** line.

We focus our explanatory analysis on the **net income from FUM**, which is the net annual management fee after the reduction in fees in the gestation period. This is the Cash result income from FUM that has reached maturity. As with net annual management fees, the average rate can vary over time with business mix and tax.

For 2024, our **net income from FUM** was £683.6 million (2023: £599.2 million), an increase of 14%. This outcome is within our guided margin range of 0.54% to 0.56%, and reflects an increase in average mature FUM.

Our margin range is applicable to average mature FUM, excluding discretionary fund management (DFM) and Asia FUM, in line with prior guidance. It is this mature FUM that contributes to the net income from FUM figure and, at any given time, it comprises all unit trust and ISA business, as well as investment bond and pension business written more than six years ago.

Following the introduction of our new charging structure by the second half of 2025, our margin range will reduce to 0.43% to 0.45%. However, under this charging structure new investment bond and pension business will no longer enter a period of gestation. Once the remaining gestation FUM at the point of implementation has matured over a six-year period there will be no further gestation FUM, and so the margin will apply to all FUM.

Net income from Asia and DFM FUM is not included in this line, it is included in the Asia – net investment and DFM – net investment lines.

### 2. Margin arising from new business

This is the net positive Cash result impact of new business in the year, as initial charges levied on gross inflows exceed new-business-related expenses. The majority of these expenses vary with new business levels, such as the incremental third-party administration costs of setting up a new policy on our back-office systems, and payments to Partners for the initial advice provided to secure clients' investment. As a result, gross inflows are a key driver of this margin.

However, the **margin arising from new business** also contains some fixed expenses, and elements which do not vary exactly in line with gross inflows. Therefore, whilst the margin arising from new business tends to move directionally with the scale of gross inflows generated during the year, the relationship between the two is not linear.

### 3. Controllable expenses

**Controllable expenses** are a key metric for the business. They are comprised of expenses which do not vary with business volumes, including people, property and technology expenses, and the costs associated with running our Academy. Growth in controllable expenses has been contained to 5% on a pre-tax basis, in line with guidance. This is equivalent to 3% increase on a post-tax basis as presented in the Cash result, reflecting the corporation tax rate of 25% being applicable for the whole of 2024.

Going forward we will seek to contain growth in controllable expenses to 5% per annum, balancing disciplined expense management with the need to invest in the business for the future.

This is before the positive impact of our cost and efficiency programme as set out in July 2024, which will start to benefit the Cash result from 2027 onwards. Prior to 2027, the cost savings realised from the programme will be offset by the costs to achieve those savings, and reinvestment in the business to drive future growth.

#### 4. Asia and DFM

These lines represent the net income from Asia and DFM FUM. They include the Asia and DFM expenses set out in the reconciliation on page 22 between expenses presented separately on the face of the Cash result before tax and IFRS expenses.

We have continued to invest in developing our presence in **Asia**, as well as in **discretionary fund management** via Rowan Dartington. Net investment in Asia has reduced, reflecting the restructuring undertaken during the prior year. Net investment in DFM has also reduced, due to continued focus on disciplined expense control.

#### 5. Regulatory fees and FSCS levy

The costs of operating in a regulated sector include regulatory fees and the Financial Services Compensation Scheme (FSCS) levy. On a post-tax basis, these are as follows:

|                                      | <b>Year ended<br/>31 December<br/>2024</b> | Year ended<br>31 December<br>2023 |
|--------------------------------------|--------------------------------------------|-----------------------------------|
|                                      | <b>£'Million</b>                           | £'Million                         |
| FSCS levy                            | <b>9.1</b>                                 | 10.0                              |
| Regulatory fees                      | <b>12.4</b>                                | 13.1                              |
| <b>Regulatory fees and FSCS levy</b> | <b>21.5</b>                                | 23.1                              |

Our position as a market-leading provider of advice means we make a substantial contribution to supporting the FSCS, thereby providing protection for clients of other businesses in the sector that fail. The FSCS levy in 2024 and 2023 was below the level typically seen in recent years, as a result of prior years surpluses that had built up within the FSCS scheme. We anticipate a substantial increase in the levy for 2025.

#### 6. Shareholder interest

This is the income accruing on investments and cash held for regulatory purposes together with the interest received on the surplus capital held by the Group. It is presented net of funding-related expenses, including interest paid on borrowings and securitisation costs.

#### 7. Charge structure implementation costs

We announced in October 2023 that we would be implementing our simple, comparable charging structure by the second half of 2025. This will see us disaggregate our charges into their component parts, supporting clients by making it easier to compare charges for advice, investment management and other services, on a component-by-component basis.

We continue to make good progress with this complex project. The implementation costs for 2024 of £59.5 million post-tax were approximately £12 million lower than we had originally guided to in October 2023. These costs have been deferred into 2025. We expect the overall implementation costs for the project to be towards the upper end of our original guidance range of £140 million to £160 million pre-tax.

#### 8. Miscellaneous

This category represents the net cash flow of the business not covered in any of the other categories. It includes Group contributions to the St. James's Place Charitable Foundation, movements in the fair value of renewal income assets and the remediation costs associated with client complaints.

## 9. Ongoing Service Evidence provision

The Ongoing Service Evidence provision was established in 2023 following the appointment of a skilled person and an assessment undertaken into the evidencing and delivery of historic ongoing servicing, reflecting the anticipated cost of refunding ongoing servicing charges, together with the interest, and the administrative costs associated with completing the work. For 2024 there is no change in our estimate of the cost of the programme, and so we remain comfortable with our provision. Consequently, there is no impact on the 2024 Cash result. More information can be found in Note 9 within the IFRS consolidated financial statements.

### Reconciliation of Cash result expenses to IFRS expenses

Whilst certain expenses are recognised in separate line items on the face of the Cash result, expenses which vary with business volumes, such as payments to Partners and third-party administration expenses, and expenses which relate to investment in specific areas of the business such as DFM, are netted from the relevant income lines rather than presented separately. In order to reconcile to the IFRS expenses presented on the face of the consolidated statement of comprehensive income, the expenses netted from income lines in the Cash result need to be added in, as do certain IFRS expenses which by definition are not included in the Cash result. In addition, all expenses need to be converted from post-tax, as they are presented in the Cash result, to pre-tax, as they are presented under IFRS.

Expenses presented on the face of the Cash result before and after tax are set out below.

|                                                                           | Year ended 31 December 2024 |            |              | Year ended 31 December 2023 |            |           |
|---------------------------------------------------------------------------|-----------------------------|------------|--------------|-----------------------------|------------|-----------|
|                                                                           | Before tax                  | Tax rate   | After tax    | Before tax                  | Tax rate   | After tax |
|                                                                           | £'Million                   | Percentage | £'Million    | £'Million                   | Percentage | £'Million |
| Controllable expenses                                                     | 388.9                       | 25.0%      | 291.7        | 370.4                       | 23.5%      | 283.3     |
| Regulatory fees and FSCS levy                                             | 28.7                        | 25.0%      | 21.5         | 30.2                        | 23.5%      | 23.1      |
| Charge structure implementation costs                                     | 79.3                        | 25.0%      | 59.5         | 9.4                         | 23.5%      | 7.2       |
| <b>Total expenses presented separately on the face of the Cash result</b> | <b>496.9</b>                |            | <b>372.7</b> | 410.0                       |            | 313.6     |

The total expenses presented separately on the face of the Cash result before tax then reconcile to IFRS expenses as set out below.

|                                                                                      | <b>Year ended<br/>31 December<br/>2024</b> | Year ended<br>31 December<br>2023 <sup>1</sup> |
|--------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------|
|                                                                                      | <b>£'Million</b>                           | £'Million                                      |
| <b>Total expenses presented separately on the face of the Cash result before tax</b> | <b>496.9</b>                               | 410.0                                          |
| Expenses which vary with business volumes                                            |                                            |                                                |
| Other performance costs                                                              | <b>171.0</b>                               | 147.4                                          |
| Payments to Partners                                                                 | <b>1,134.8</b>                             | 1,013.2                                        |
| Investment expenses                                                                  | <b>115.7</b>                               | 96.9                                           |
| Third-party administration                                                           | <b>172.1</b>                               | 151.8                                          |
| Other                                                                                | <b>63.4</b>                                | 513.3                                          |
| Expenses relating to investment in specific areas of the business                    |                                            |                                                |
| Asia expenses                                                                        | <b>22.7</b>                                | 26.5                                           |
| DFM expenses                                                                         | <b>27.4</b>                                | 33.3                                           |
| <b>Total expenses included in the Cash result</b>                                    | <b>2,204.0</b>                             | 2,392.4                                        |
| Reconciling items to IFRS expenses                                                   |                                            |                                                |
| Amortisation of DAC and PVIF, net of additions                                       | <b>21.3</b>                                | 35.5                                           |
| Equity-settled share-based payment expenses                                          | <b>11.2</b>                                | 5.4                                            |
| Insurance contract expenses presented elsewhere <sup>1</sup>                         | <b>(1.1)</b>                               | (2.4)                                          |
| Other <sup>1</sup>                                                                   | <b>1.3</b>                                 | 2.4                                            |
| <b>Total IFRS Group expenses before tax</b>                                          | <b>2,236.7</b>                             | 2,433.3                                        |

<sup>1</sup> The 2023 comparatives have been represented to better reflect the nature of the expenses.

### Expenses which vary with business volumes

**Other performance costs** vary with the level of new business and the operating profit performance of the business.

**Payments to Partners, investment expenses** and **third-party administration costs** are met through charges to clients, and so any variation in them from changes in the volumes of new business or the level of the stock markets does not impact Group profitability significantly.

Each of these items is recognised within the most relevant line of the Cash result, which is determined based on the nature of the expense. In most cases, this is either the net annual management fee or margin arising from new business lines.

Other expenses include the operating costs of acquired financial adviser businesses, donations to the St. James's Place Charitable Foundation and complaints costs. In 2023, they also included the cost of setting up the Ongoing Service Evidence provision. These costs are recognised across various lines in the Cash result.

### Expenses relating to investment in specific areas of the business

**Asia expenses** and **DFM expenses** both reflect disciplined expense control during the year, and for Asia the impact of restructuring undertaken during 2023.

In the Cash result, Asia and DFM expenses are presented net of the income they generate in the Asia – net investment and DFM – net investment lines.

## Reconciling items to IFRS expenses

DAC amortisation, net of additions, PVIF amortisation and equity-settled share-based payment expenses are the primary expenses which are recognised under IFRS but are excluded from the Cash result.

Expenses associated with insurance contract expenses are included in the Cash result but are shown within the Insurance service expense rather than the expenses line under IFRS 17.

## Reconciliation of Cash result to IFRS profit before shareholder tax

The Cash result reconciles to IFRS profit before shareholder tax, as presented in section 2.1, as follows:

|                                      | Year ended<br>31 December 2024 |               | Year ended<br>31 December 2023 |           |
|--------------------------------------|--------------------------------|---------------|--------------------------------|-----------|
|                                      | Before<br>shareholder<br>tax   | After tax     | Before<br>shareholder<br>tax   | After tax |
|                                      | £'Million                      | £'Million     | £'Million                      | £'Million |
| <b>Underlying cash result</b>        | <b>580.9</b>                   | <b>447.2</b>  | 483.0                          | 392.4     |
| Ongoing Service Evidence provision   | –                              | –             | (426.0)                        | (323.7)   |
| <b>Cash result</b>                   | <b>580.9</b>                   | <b>447.2</b>  | 57.0                           | 68.7      |
| Movements in DAC, DIR and PVIF       | <b>0.5</b>                     | <b>(0.1)</b>  | 3.5                            | 3.1       |
| Impact of policyholder tax asymmetry | <b>(38.9)</b>                  | <b>(38.9)</b> | (44.4)                         | (44.4)    |
| Equity-settled share-based payments  | <b>(11.2)</b>                  | <b>(11.2)</b> | (5.4)                          | (5.4)     |
| Impact of deferred tax               | –                              | <b>(9.0)</b>  | –                              | (24.9)    |
| Other                                | <b>4.6</b>                     | <b>10.4</b>   | (15.2)                         | (7.0)     |
| <b>IFRS profit/(loss)</b>            | <b>535.9</b>                   | <b>398.4</b>  | (4.5)                          | (9.9)     |

**Movements in DAC, DIR and PVIF** are explained and analysed as follows:

IFRS requires certain upfront expenses incurred and income received to be deferred. The deferred amounts are initially recognised on the statement of financial position as a DAC asset and DIR liability, which are subsequently amortised to the consolidated statement of comprehensive income over a future period.

The impact of accounting for DAC, DIR and PVIF in the IFRS result is that there is an accounting timing difference between the emergence of accounting profits and actual cash flows. The following table presents the impact of each of these items on profit before shareholder tax.

|                                  | <b>Year ended<br/>31 December<br/>2024</b> | Year ended<br>31 December<br>2023 |
|----------------------------------|--------------------------------------------|-----------------------------------|
|                                  | <b>£'Million</b>                           | £'Million                         |
| Amortisation of DAC              | <b>(63.4)</b>                              | (72.2)                            |
| DAC on new business for the year | <b>45.2</b>                                | 39.9                              |
| <b>Net impact of DAC</b>         | <b>(18.2)</b>                              | (32.3)                            |
| Amortisation of DIR              | <b>141.9</b>                               | 149.3                             |
| DIR on new business for the year | <b>(120.0)</b>                             | (110.3)                           |
| <b>Net impact of DIR</b>         | <b>21.9</b>                                | 39.0                              |
| <b>Amortisation of PVIF</b>      | <b>(3.2)</b>                               | (3.2)                             |
| <b>Movement in year</b>          | <b>0.5</b>                                 | 3.5                               |

The simplification of our charging structure by the second half of 2025 will see the removal of initial product fees, and as a result there will be immaterial income being deferred from the point of implementation onwards. Most of the existing DIR liability at that point will amortise over a period of 6 years.

The **impact of policyholder tax asymmetry** is a temporary effect caused by asymmetries between fund tax deductions and the policyholder tax due to HMRC. Movement in the asymmetry can be significant in volatile markets.

**Equity-settled share-based payments** represent the expense associated with a number of equity-settled share schemes across the Group.

The **impact of deferred tax** is the recognition in the Cash result of the benefit from realising tax relief on various items including share options, capital allowances and deferred expenses. These have already been recognised under IFRS through the establishment of deferred tax assets. More information can be found in Note 6 to the IFRS consolidated financial statements.

**Other** represents a number of other small items, including the removal of other intangibles and the difference between the lease expense recognised under IFRS 16 Leases and lease payments made.

#### **Derivation of the Cash result**

The Cash result is derived from the IFRS consolidated statement of financial position in a two-stage process:

## Stage I: Solvency II Net Assets Balance Sheet

Firstly, the IFRS consolidated statement of financial position is adjusted for a number of material balances that reflect policyholder interests in unit-linked liabilities together with the underlying assets that are held to match them. Secondly, it is adjusted for a number of non-cash 'accounting' balances such as DIR, DAC and associated deferred tax. The result of these adjustments is the Solvency II Net Assets Balance Sheet and the following table shows the way in which it has been calculated at 31 December 2024.

|                                              |      | IFRS Balance Sheet |              |           | Solvency II Net Assets Balance Sheet | Solvency II Net Assets Balance Sheet: 2023 |
|----------------------------------------------|------|--------------------|--------------|-----------|--------------------------------------|--------------------------------------------|
|                                              |      | Adjustment 1       | Adjustment 2 |           |                                      |                                            |
| 31 December 2024                             | Note | £'Million          | £'Million    | £'Million | £'Million                            | £'Million                                  |
| Assets                                       |      |                    |              |           |                                      |                                            |
| Goodwill                                     | 1    | 23.3               | –            | (23.3)    | –                                    | –                                          |
| Deferred acquisition costs                   | 2    | 286.2              | –            | (286.2)   | –                                    | –                                          |
| Intangible assets                            | 1    | 15.5               | –            | (15.5)    | –                                    | –                                          |
| Property and equipment                       | 3    | 134.0              | –            | –         | 134.0                                | 153.1                                      |
| Investment property                          |      | 892.3              | (892.3)      | –         | –                                    | –                                          |
| Deferred tax assets                          | 4    | 2.7                | –            | (2.6)     | 0.1                                  | 20.4                                       |
| Investment in associates                     |      | 21.9               | –            | –         | 21.9                                 | 10.2                                       |
| Reinsurance assets                           |      | 14.9               | –            | (4.2)     | 10.7                                 | 6.7                                        |
| Other receivables                            | 5    | 2,687.4            | (816.7)      | (3.3)     | 1,867.4                              | 2,147.3                                    |
| Financial investments                        | 6    | 182,320.2          | (180,117.3)  | –         | 2,202.9                              | 1,462.6                                    |
| Derivative financial assets                  |      | 2,812.8            | (2,812.8)    | –         | –                                    | –                                          |
| Cash and cash equivalents                    | 6    | 5,663.9            | (5,311.3)    | –         | 352.6                                | 285.4                                      |
| Total assets                                 |      | 194,875.1          | (189,950.4)  | (335.1)   | 4,589.6                              | 4,085.7                                    |
| Liabilities                                  |      |                    |              |           |                                      |                                            |
| Borrowings                                   | 7    | 516.8              | –            | –         | 516.8                                | 251.4                                      |
| Deferred tax liabilities                     | 4    | 679.4              | –            | 10.7      | 690.1                                | 414.5                                      |
| Insurance contract liabilities               |      | 518.6              | (467.3)      | (37.0)    | 14.3                                 | 18.2                                       |
| Deferred income                              | 2    | 469.5              | –            | (469.5)   | –                                    | –                                          |
| Other provisions                             | 8    | 460.3              | –            | –         | 460.3                                | 500.1                                      |
| Other payables                               | 3,9  | 2,144.3            | (692.7)      | (6.2)     | 1,445.4                              | 1,757.0                                    |
| Investment contract benefits                 |      | 141,038.8          | (141,038.8)  | –         | –                                    | –                                          |
| Derivative financial liabilities             |      | 3,052.1            | (3,052.1)    | –         | –                                    | –                                          |
| Net asset value attributable to unit holders |      | 44,699.5           | (44,699.5)   | –         | –                                    | –                                          |
| Income tax liabilities                       | 10   | 22.1               | –            | –         | 22.1                                 | 11.5                                       |
| Total liabilities                            |      | 193,601.4          | (189,950.4)  | (502.0)   | 3,149.0                              | 2,952.7                                    |
| Net assets                                   |      | 1,273.7            | –            | 166.9     | 1,440.6                              | 1,133.0                                    |

**Adjustment 1** strips out the policyholder interest in unit-linked assets and liabilities, to present solely shareholder-impacting balances.

**Adjustment 2** removes items such as DAC, DIR, PVIF and their associated deferred tax balances from the IFRS statement of financial position to bring it in line with Solvency II recognition requirements.

## **Notes to the Solvency II Net Assets Balance Sheet**

### **1. Goodwill and intangible assets**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired entity at the date of acquisition. Goodwill is not amortised, but is reviewed annually for impairment.

Intangible assets include computer software and the purchased value of in-force business. This represents the present value of future profits that are expected to emerge from insurance business acquired on business combinations, calculated at the time of acquisition using best-estimate assumptions. The balance is amortised over the anticipated lives of the related insurance contracts.

Each of these items is excluded from the Solvency II Net Assets due to their intangible nature.

### **2. Deferred acquisition costs and deferred income**

IFRS requires certain upfront expenses incurred and income received to be deferred. The deferred amounts are initially recognised on the IFRS consolidated statement of financial position as a DAC asset and DIR liability, which are subsequently amortised to the consolidated statement of comprehensive income over a future period.

They are each excluded from the Solvency II Net Assets due to their intangible nature.

### **3. Property and equipment, and other payables**

The property and equipment balance includes the right to use leased assets of £103.9 million (2023: £118.5 million), together with fixtures, fittings and office equipment of £28.4 million (2023: £32.1 million) and computer equipment of £1.7 million (2023: £2.5 million).

The right to use leased assets has decreased year on year due to depreciation. Lease liabilities of £107.2 million are recognised within the other payables line (2023: £120.5 million).

### **4. Deferred tax assets and liabilities**

Analysis of deferred tax assets and liabilities, including how they have moved year on year, is set out in Note 6 Income and deferred taxes within the IFRS consolidated financial statements.

### **5. Other receivables**

Other receivables on the Solvency II Net Assets Balance Sheet have decreased from £2,147.3 million at 31 December 2023 to £1,867.4 million at 31 December 2024, principally reflecting a decrease in short-term outstanding market trade settlements in the unit-linked funds and consolidated unit trusts. Other receivables on the IFRS balance sheet have decreased from £2,997.4 million at 31 December 2023 to £2,687.4 million at 31 December 2024, additionally reflecting receivables within policyholder funds.

Detailed breakdowns of other receivables can be found in Note 7 Other receivables within the IFRS consolidated financial statements. Within other receivables there are two items which merit further analysis:

#### **Operational readiness prepayment asset**

The operational readiness prepayment asset arose from the investment made into our back-office infrastructure project, as we recognised Bluedoor development costs as a prepayment. The asset stood at £256.3 million at 31 December 2024 (31 December 2023: £283.5 million). It has been amortising through the IFRS statement of comprehensive income and the Cash result since 2017 and will continue to do so over the remaining life of the contract, which at 31 December 2024 is nine years.

## Business loans to Partners

Facilitating business loans to Partners is a key way in which we are able to support growing Partner businesses. Such loans are principally used to enable Partners to take over the businesses of retiring or downsizing Partners, and this process has multi-stakeholder benefits:

- It supports the delivery of great outcomes for clients as they receive continuity of service within the SJP ecosystem.
- It makes SJP a great place for motivated, entrepreneurial advisers to build high-quality businesses over the long-term.
- It helps to support the next generation of SJP advisers
- It retains advisers and clients which leads to retention of our FUM, which in turn supports our financial results and thus shareholders.

In addition to recognising a strong business case for facilitating such lending, we recognise too the fundamental strength and credit quality of business loans to Partners. We have low impairment experience due to a number of factors that help to mitigate the inherent credit risk in lending. These include taking a cautious approach to Group credit decisions, with lending secured against prudent business valuations. Demonstrating this, loan-to-value (LTV) information is set out in the following table.

|                                                            | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|------------------------------------------------------------|-----------------------------|---------------------|
| Aggregate LTV across the total Partner lending book        | <b>25%</b>                  | 29%                 |
| Weighted average LTV across the total Partner lending book | <b>39%</b>                  | 42%                 |
| Proportion of the book where LTV is over 75%               | <b>5%</b>                   | 5%                  |
| Net exposure to loans where LTV is over 100% (£'Million)   | <b>7.2</b>                  | 6.7                 |

If FUM were to decrease by 10%, the net exposure to loans where LTV is over 100% at 31 December 2024 would increase to £8.3 million (31 December 2023: increase to £7.7 million).

Our credit experience also benefits from the repayment structure of business loans to Partners. The Group collects advice charges from clients. Prior to making the associated payment to Partners, we deduct loan capital and interest payments from the amount due.

During the year we have continued to facilitate business loans to Partners and have also repurchased a proportion of loans previously funded by third parties which were guaranteed by the Group. For many of these loans we have conducted an in-year onward placement of them into our non-recourse securitisation facility, which is an interim step towards placing them fully off balance sheet. Further information is provided in Note 7 Other receivables and Note 10 Borrowings and financial commitments.

|                                                         | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|---------------------------------------------------------|-----------------------------|---------------------|
|                                                         | <b>£'Million</b>            | £'Million           |
| <b>Total business loans to Partners</b>                 | <b>557.3</b>                | 408.0               |
| Split by funding type:                                  |                             |                     |
| Business loans to Partners directly funded by the Group | <b>386.6</b>                | 340.8               |
| Securitised business loans to Partners                  | <b>170.7</b>                | 67.2                |

## 6. Liquidity

Cash generated by the business is held in highly rated government securities, AAA-rated money market funds and bank accounts. Although these are all highly liquid, only the latter is classified as cash and cash equivalents on the Solvency II Net Assets Balance Sheet. The total liquid assets held are as follows.

|                                                                            | 31 December<br>2024 | 31 December<br>2023 |
|----------------------------------------------------------------------------|---------------------|---------------------|
|                                                                            | £'Million           | £'Million           |
| Fixed interest securities                                                  | 8.6                 | 8.2                 |
| Investment in Collective Investment Schemes (AAA-rated money market funds) | 2,194.3             | 1,454.4             |
| <b>Financial investments</b>                                               | <b>2,202.9</b>      | <b>1,462.6</b>      |
| Cash and cash equivalents                                                  | 352.6               | 285.4               |
| <b>Total liquid assets</b>                                                 | <b>2,555.5</b>      | <b>1,748.0</b>      |

The Group's primary source of net cash generation is product charges. In line with profit generation, as most of our investment bond and pension business enters a gestation period, there is no cash generated (apart from initial charges) for the first six years of an investment. This means that the amount of FUM that is contributing to the Cash result will increase year on year as gestation FUM becomes mature and is subject to annual product management charges. Unit trust and ISA business do not have a gestation period, and so generate cash immediately from the point of investment.

Cash is used to invest in the business and to support returns to shareholders. Our shareholder returns guidance is set such that appropriate cash is retained in the business to support the investment needed to meet our future growth aspirations.

## 7. Borrowings

The Group continues to pursue a strategy of diversifying and broadening its access to debt finance. We have done this successfully over time, for example via the creation and execution of our securitisation vehicle. For accounting purposes we are obliged to disclose on our consolidated statement of financial position the value of loan notes relating to the securitisation. However, as the securitisation loan notes were secured only on the securitised portfolio of business loans to Partners, they were non-recourse to the Group's other assets. This means that the senior tranche of non-recourse securitisation loan notes, whilst included within borrowing, is very different from the Group's senior unsecured corporate borrowings, which are used to manage working capital and fund investment in the business.

|                                                          | 31 December<br>2024 | 31 December<br>2023 |
|----------------------------------------------------------|---------------------|---------------------|
|                                                          | £'Million           | £'Million           |
| Corporate borrowings: bank loans                         | 250.0               | 50.0                |
| Corporate borrowings: loan notes                         | 138.3               | 151.1               |
| <b>Senior unsecured corporate borrowings</b>             | <b>388.3</b>        | <b>201.1</b>        |
| Senior tranche of non-recourse securitisation loan notes | 128.5               | 50.3                |
| <b>Total borrowings</b>                                  | <b>516.8</b>        | <b>251.4</b>        |

Senior unsecured corporate borrowing of £388.3 million at 31 December 2024 increased from £201.1 million at 31 December 2023. This principally reflects the drawing of an additional £250.0 million bridging facility, offset by a reduction in the amount drawn under our revolving credit facility. We have committed to repay the £250.0 million bridging facility after the balance sheet date. Further information is provided in Note 10 Borrowings and financial commitments and Note 14 Events after the end of the reporting period within the IFRS consolidated financial statements.

## 8. Other provisions

Further information on other provisions, including how the balance has moved year on year, is set out in Note 9 Other provisions and contingent liabilities within the IFRS consolidated financial statements.

## 9. Other payables

Other payables on the Solvency II Net Assets Balance Sheet have decreased from £1,757.0 million at 31 December 2023 to £1,445.4 million at 31 December 2024, largely due to a decrease in short-term outstanding policy-related settlements. Other payables on the IFRS balance sheet have decreased from £2,388.1 million at 31 December 2023 to £2,144.3 million at 31 December 2024, additionally reflecting payables within policyholder funds.

Detailed breakdowns of other payables can be found in Note 8 Other payables within the IFRS consolidated financial statements.

## 10. Income tax liabilities

The Group has an income tax liability of £22.1 million at 31 December 2024 (31 December 2023: £11.5 million). This is due to a current tax charge of £349.3 million, tax paid in the year of £326.1 million and other impacts of £12.6 million. Further detail is provided in Note 6 Income and deferred taxes.

## Stage 2: Movement in Solvency II Net Assets Balance Sheet

After the Solvency II Net Assets Balance Sheet has been determined, the second stage in the derivation of the Cash result identifies a number of movements in that balance sheet which do not represent cash flows for inclusion within the Cash result. The following table explains how the overall Cash result reconciles to the total movement.

|                                                              | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|--------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                              | £'Million                         | £'Million                         |
| Opening Solvency II net assets                               | 1,133.0                           | 1,379.9                           |
| Dividend paid                                                | (76.8)                            | (289.9)                           |
| Issue of share capital and exercise of options               | –                                 | 6.8                               |
| Consideration paid for own shares                            | (9.5)                             | (0.5)                             |
| Change in deferred tax                                       | (9.6)                             | (24.9)                            |
| Impact of policyholder tax asymmetry                         | (38.9)                            | (44.4)                            |
| Reassurance recapture add-back                               | –                                 | 39.8                              |
| Change in goodwill, intangibles and other non-cash movements | 28.3                              | (2.5)                             |
| Share buy-back                                               | (33.1)                            | –                                 |
| Cash result                                                  | 447.2                             | 68.7                              |
| <b>Closing Solvency II net assets</b>                        | <b>1,440.6</b>                    | <b>1,133.0</b>                    |

## 2.3 European Embedded Value (EEV)

Wealth management differs from most other businesses, in that the expected shareholder income from client investment activity emerges over a long period in the future. We therefore supplement the IFRS and Cash results by providing additional disclosure on an EEV basis, which brings into account the net present value of the expected future cash flows. We believe that a measure of the total economic value of the Group's operating performance is useful to investors.

As in previous reporting, our EEV continues to be calculated on a basis determined in accordance with the EEV principles originally issued in May 2004 by the CFO Forum and supplemented both in October 2005 and, following the introduction of Solvency II, in April 2016. Many of the principles and practices underlying EEV are similar to the requirements of Solvency II, and we have sought to align them as closely as possible.

For 2024 we have simplified the EEV information provided in this section. Additional information, previously included within this section, can now be found within the data book on our website [sjp.co.uk/full-year-results-2024-databook](http://sjp.co.uk/full-year-results-2024-databook).

The following table and accompanying notes summarise the profit/(loss) before tax of the combined business.

|                                                            |      | <b>Year ended<br/>31 December<br/>2024</b> | Year ended<br>31 December<br>2023 |
|------------------------------------------------------------|------|--------------------------------------------|-----------------------------------|
|                                                            | Note | £'Million                                  | £'Million                         |
| New business contribution                                  | 1    | <b>801.0</b>                               | 695.4                             |
| <i>Profit from existing business</i>                       |      |                                            |                                   |
| – unwind of the discount rate                              | 2    | <b>580.8</b>                               | 506.0                             |
| – experience variance                                      | 3    | <b>(136.1)</b>                             | (11.3)                            |
| – operating assumption change                              | 4    | <b>(20.8)</b>                              | 13.9                              |
| Investment income                                          |      | <b>32.5</b>                                | 30.3                              |
| <b>Funds management EEV operating profit</b>               |      | <b>1,257.4</b>                             | 1,234.3                           |
| Distribution business                                      | 5    | <b>(77.3)</b>                              | (68.3)                            |
| Other                                                      | 6    | <b>(86.0)</b>                              | (125.0)                           |
| <b>EEV operating profit before exceptional items</b>       |      | <b>1,094.1</b>                             | 1,041.0                           |
| Exceptional item: Charge structure                         | 7    | <b>(49.1)</b>                              | (2,506.6)                         |
| Exceptional item: Ongoing Service Evidence provision       | 8    | <b>–</b>                                   | (426.0)                           |
| <b>EEV operating profit/(loss) after exceptional items</b> |      | <b>1,045.0</b>                             | (1,891.6)                         |
| Investment return variance                                 | 9    | <b>533.7</b>                               | 501.7                             |
| Economic assumption changes                                | 10   | <b>23.5</b>                                | 2.5                               |
| <b>EEV profit/(loss) before tax</b>                        |      | <b>1,602.2</b>                             | (1,387.4)                         |
| Tax                                                        |      | <b>(390.5)</b>                             | 340.3                             |
| <b>EEV profit/(loss) after tax</b>                         |      | <b>1,211.7</b>                             | (1,047.1)                         |

A reconciliation between EEV operating profit/(loss) before tax and IFRS profit before tax is provided in Note 3 Segment reporting within the IFRS consolidated financial statements.

## Notes to the EEV result

1. The **new business contribution** for the year at £801.0 million (2023: £695.4 million) was 15% higher than the prior year, predominantly reflecting the increase in new business volumes.
2. The **unwind of the discount rate** for the year was higher at £580.8 million (2023: £506.0 million), primarily reflecting a higher value of in-force business.
3. The **experience variance** during the year was negative £136.1 million (2023: negative £11.3 million), reflecting the adverse persistency experience in the year.
4. The **impact of operating assumption changes** in the year was negative £20.8 million (2023: positive £13.9 million), driven by a small increase in expenses assumed for the maintenance of in-force business under our new charging structure, and minor changes to persistency assumptions. The impact in 2023 reflected a small improvement to the persistency assumptions for our offshore bond business.
5. The **distribution business** loss includes the positive gross margin arising from advice income less payments to advisers, offset by the costs of supporting the Partnership and building distribution capabilities in Asia. The reported loss has increased year-on-year due to an increase in expenses recognised in this part of the Group.
6. **Other** represents a number of miscellaneous items including development expenditure, the costs of running our Academy and implementing our new charging structure, as well as the cost of redress associated with client complaints. It has decreased due to the decrease in complaints costs during the year.
7. The **exceptional item: charge structure** recorded in the prior year reflected the impact on the opening position of changes to our charging structure which were announced during 2023. In 2024, the charge of £49.1 million reflects a refinement to our modelling of the impact of these changes.
8. The **exceptional item: Ongoing Service Evidence provision** recorded in the prior year reflected the impact of establishing a provision following a review into the evidencing of historic ongoing servicing. The provision recognised during 2023 remains appropriate.
9. The **investment return variance** reflects the capitalised impact on the future annual management fees resulting from the difference between the actual and assumed investment returns. Given the size of our FUM, a small difference can result in a large positive or negative variance.  
  
The typical investment return on our funds during the year was 11.9% after charges, compared to the assumed investment return of 5.8%. This resulted in an investment return variance of £533.7 million (2023: £501.7 million).
10. The positive economic assumption changes variance of £23.5 million arising in the year (2023: £2.5 million) reflects an increase in real yields.

## Analysis of the EEV result

The table below provides a summarised breakdown of the embedded value position at the reporting dates.

|                             | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|-----------------------------|-----------------------------|---------------------|
| Value of in-force business  | <b>7,401.9</b>              | 6,606.1             |
| Solvency II net assets      | <b>1,440.6</b>              | 1,133.0             |
| <b>Total embedded value</b> | <b>8,842.5</b>              | 7,739.1             |

|                                  | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|----------------------------------|-----------------------------|---------------------|
|                                  | <b>£</b>                    | £                   |
| <b>Net asset value per share</b> | <b>16.25</b>                | 14.11               |

The EEV result above reflects the specific terms and conditions of our products. Our pension business is split between two portfolios. Our current product, the Retirement Account, was launched in 2016 and incorporates both pre-retirement and post-retirement phases of investment in the same product. Earlier business was written in our separate Retirement Plan and Drawdown Plan products, targeted at each of the two phases separately, and therefore has a slightly shorter term and lower new business margin.

Our experience is that much of our Retirement Plan business converts into Drawdown Plan business at retirement, but, in line with the EEV guidelines, we are required to defer recognition of the additional value from the Drawdown Plan until it crystallises. If instead we were to assess the future value of Retirement Plan business (beyond the immediate contract boundary) in a more holistic fashion, in line with Retirement Account business, this would result in an increase of approximately £279.0 million to our embedded value at 31 December 2024 (31 December 2023: £250.0 million).

## Section 3

### Solvency

St. James's Place has a business model and risk appetite that result in underlying assets being held that fully match our obligations to clients. Our clients can access their investments 'on demand' and because the encashment value is matched, movements in equity markets, currency markets, interest rates, mortality, morbidity and longevity have very little impact on our ability to meet liabilities. We also have a prudent approach to investing shareholder funds and surplus assets in cash, AAA-rated money market funds and highly rated government securities. The overall effect of the business model and risk appetite is a resilient solvency position capable of enabling liabilities to be met even during adverse market conditions.

Our Life businesses are subject to the Solvency II capital regime introduced in 2016. Given the relative simplicity of our business compared to many other organisations that fall within the scope of Solvency II, we have continued to manage the solvency of the business on the basis of holding assets to match client unit-linked liabilities plus a management solvency buffer (MSB). This has ensured that not only can we meet client liabilities at all times (beyond the Solvency II requirement of a '1-in-200-years' event), but we also have a prudent level of protection against other risks to the business. At the same time, we have ensured that the resulting capital held meets with the requirements of the Solvency II regime, to which we are ultimately accountable.

For the year ended 31 December 2024 we reviewed the level of our MSB for the Life businesses, and chose to maintain it at £355.0 million (31 December 2023: £355.0 million). The Group's overall Solvency II net assets position, MSB, and management solvency ratios are as follows:

| 31 December 2024                 |                   |                 |                      |           | 31 December 2023 |
|----------------------------------|-------------------|-----------------|----------------------|-----------|------------------|
|                                  | Life <sup>1</sup> | Other regulated | Other <sup>1,2</sup> | Total     |                  |
|                                  | £'Million         | £'Million       | £'Million            | £'Million | £'Million        |
| Solvency II net assets           | 419.9             | 408.8           | 611.9                | 1,440.6   | 1,133.0          |
| MSB                              | 355.0             | 193.4           | –                    | 548.4     | 529.5            |
| <b>Management solvency ratio</b> | <b>118%</b>       | <b>211%</b>     | <b>–</b>             | <b>–</b>  | <b>–</b>         |

<sup>1</sup> After payment of year-end intra-Group dividend.

<sup>2</sup> Before payment of the Group final dividend.

### Solvency II Balance Sheet

Analysis of the Solvency II position split by regulated and non-regulated entities and Solvency II sensitivities, previously included within this section, can now be found within the data book on our website [sjp.co.uk/full-year-results-2024-databook](https://sjp.co.uk/full-year-results-2024-databook).

# **Risk and control management**

## **Conscious risk management**

As the leading advice-led wealth manager in the UK, the Group remains steadfast in its commitment to providing exceptional service and delivering long-term value to its clients.

Central to this commitment is embedding a strong risk culture across the organisation, underpinned by a robust approach to compliance, governance and control, and client-centricity.

A risk-aware culture across all levels of the organisation is essential to achieving the organisation's objectives. This culture, which prioritises client outcomes and safe business growth, will ensure that risk management is an integral part of the approach to delivering value for clients and maintaining SJP's reputation as a trusted adviser with the market and its regulators.

The business activities of the Group and the industry within which it operates expose it to a wide variety of inherent risks and opportunities. The Group aims to understand its risks and opportunities, and to consciously manage them. Effective risk management strategies are applied, so that material risks are identified and managed within the agreed risk appetite. When assessing risks and deciding on the appropriate responses, the potential impacts are considered for key stakeholders: clients, advisers, shareholders, regulators, employees and society.

Over the next few years SJP will further invest in and strengthen the risk management and internal control framework. This will include leveraging data and technology developments for managing risk and implementing enhanced control assurance and testing capability.

### **Risk appetite**

The Board sets its appetite for managing risk in the context of the Group's strategic objectives. These choices are set out in the Group risk appetite statement, which is reviewed at least annually by senior risk owners, the Group Executive Committee, and the Group Risk Committee before being approved by the Board. The Group risk appetite statement also provides a mechanism to record the key individuals within the Group who are ultimately accountable for managing particular risks.

The Group risk appetite statement includes a risk appetite scale ranging from no appetite for taking risks at all, through to acceptance of risk. Risk appetite may change over time, sometimes rapidly as economic and business environment conditions change, and therefore the statement is an evolving document.

A comprehensive suite of key risk indicators (KRIs) is incorporated into regular risk reporting, alongside qualitative information, to enable the Group Risk Committee, on behalf of the Board, to monitor the Group's risk profile.

### **Risk management and internal control framework**

The internal control environment is built upon a risk and control conscious culture and organisational assignment of responsibility. The first line business is responsible and accountable for risk management, with oversight and challenge by second line risk and compliance functions, and independent assurance from the third line internal audit function.

The risk management and internal control framework is a combination of processes and systems by which the Group identifies, assesses, measures, manages, and monitors the risks that may impact the successful delivery of its strategic objectives and its ability to meet obligations towards clients, regulators and other key stakeholders.

The Board, through the Group Risk Committee, takes an active role in overseeing the risk management and control framework, for which it is responsible. To this end the Board assesses its principal and emerging risks, which are considered in regular reporting and summarised annually in the Group's own risk and solvency assessment processes (ORSA and ICARA). Further information on this is provided opposite.

The Board has overall responsibility for ensuring that management maintains comprehensive systems of internal control for managing its principal and emerging risks. On behalf of the Board, the Group Audit Committee takes

responsibility for assessing the effectiveness of the Group's risk management and internal control frameworks, covering all material financial, operational, compliance and reporting controls for the Group and its individual entities.

It does this by overseeing the review of risk and control self-assessments (RCSAs) and monitoring the effectiveness of the risk management and internal control framework throughout the year through the quarterly updates provided by management to the Committee, and annual executive-level attestations. The risk management and internal control frameworks have been in place for the year under review and up to the date of approval of the Annual Report and Accounts 2024.

The Board receives regular reports from the Group Risk Committee and Group Audit Committee and approves key aspects of the Group's risk management and internal control framework including the risk appetite statement and Group ORSA.

### **Own risk and solvency assessment (ORSA)**

SJP Group is classified as an insurance group and a key part of the regulatory requirements include a consistent approach to risk management across the Group, supported by the production of an annual ORSA.

The ORSA process follows an annual cycle, which applies comprehensive risk assessments to the business's activity, and ensures the Group is resilient to stresses in both the short term and over a five-year period.

The ORSA assists decision-making by bringing together the following and is particularly useful in assessing viability, as it involves a comprehensive assessment of risks and capital requirements for the business:

- Strategic planning
- Risk appetite consideration
- Risk identification and management
- Capital planning and management

The ORSA continues to evolve and further strengthen risk management processes throughout the Group.

The Solvency Capital Requirement for insurers allows for at least a '1-in-200-year' risk event over a one-year time horizon. In addition, a range of stresses and scenario testing are used to help provide insight into the ability to maintain regulatory capital in such conditions. This assists us when considering the calculations and allocation of risk capital to all major risks in the Group, and the adequacy of capital positions.

In calibrating the level of stresses and scenarios used, consideration is given to factors or events that impact on the income from funds under management such as market movements, retention of clients or ability to attract new clients. Factors which impact costs, such as inflation, non-inflationary expense increases, and operational event-related losses are also considered. A range of severities is considered, including more extreme scenarios. The scenarios are used to assess both the immediate impact of an event and the impact over the longer term (in the wake of an event). Assessments are completed based on a standard set of factors as well as more current/topical or emerging risk exposures affecting the Group or financial services more generally.

### **Recovery and exit planning**

In view of the introduction of solvent exit planning requirements by the PRA we have continued to review and refine our approach to recovery and exit planning through the year, including alignment to our broader risk management framework and operational resilience processes.

### **Current risk environment**

#### **Operational risks**

SJP expects to implement its simple, comparable charging structure by the second half of 2025 and in the lead up to this, SJP will be communicating and engaging with clients to ensure they understand how their charges will change. This change enhances SJP's proposition for clients and reflects the Group's commitment to improving client outcomes. SJP believes that these efforts will yield significant long-term benefits for both clients and the business. While the new charging structure is expected to be implemented by the second half of 2025, foundational systems development to support this initiative was undertaken in 2024. Recognising the risks inherent in a project of this scale,

oversight and change management practices aligned with the level of change are maintained within a robust governance framework.

At half year, SJP announced a redefined purpose and refreshed strategy. As the implementation of the new organisational model is progressed to support the delivery of the strategy and take costs out of the addressable cost base, people risks will be heightened. SJP is sensitive to the risks and is focused on managing impacts to people, whilst maintaining operational and financial resilience through the implementation of the new model and delivery of the SJP strategy.

Whilst SJP consistently aims to achieve good outcomes for clients, the Group experienced higher levels of complaints than usual during 2023. These complaints were principally in connection with the delivery of historic ongoing advice. This prompted the Group's historic ongoing service evidence review, a key programme of work which kicked off in 2024 to review the historic servicing records for all clients who have been charged for ongoing advice since the start of 2018. In February 2024 the Group announced a provision, recognised in the 2023 year-end financial statements, for the estimated cost of providing refunds to clients where the evidence of ongoing advice delivery fell below an acceptable standard. There has been no change in the estimated cost of the programme during 2024, and hence the Group remains comfortable with the provision.

Changes have been implemented to ensure more consistent, centralised evidence of the activities of the Partnership with clients, which reduces the risk of clients not receiving ongoing advice of value to them. Where there is not adequate evidence of ongoing advice being provided, ongoing advice charges are switched off.

Claims management companies (CMCs) have continued to be interested in the Group. Alongside existing advice standards and checking processes, several actions have been taken to embed the Consumer Duty, enhance evidential standards for ongoing advice, switch off ongoing advice charges for clients who haven't received ongoing advice, and strengthen adviser oversight and complaint handling processes. All these help to further manage the risk, and mitigate the potential level of complaints over the medium to long term. Whilst the volume of complaints received during 2024 has been much higher than usual, there has been a significant reduction in the average number of complaints received per month in the second half of 2024 relative to the first half.

This is a positive trend which we expect to continue. We also note that from 1 April 2025, CMCs will be required to pay a case fee for all cases brought forward to the Financial Ombudsman Service (FOS). We expect this to result in fewer spurious complaints as CMCs will have some financial exposure where complaints are referred to the FOS.

### **Macroeconomic/political**

Inflation has reduced in 2024 from the high levels seen in recent years, although following the Autumn Budget it is expected to remain above the UK Government's target of 2% over the next few years, which could further impact on the cost of living and put pressure on expenses. The Autumn Budget made a variety of changes to taxation, and the impact of the tax changes on clients could result in reduced capacity or desire to save into certain products. SJP's advisers, through ongoing financial advice and a broad product/ investment range, can support clients in managing their financial affairs, help manage the effects of inflation on the standard of living they are aiming for in retirement, and remain tax-efficient in their savings as the tax landscape changes.

There remains potential for global geopolitical tensions to escalate, which could have relevance to the Group through impacts on financial markets and through heightened cyber risk.

The Group's business model has demonstrated resilience to macroeconomic factors through 2024. For clients, SJP's advisers are well placed to advise them on the benefits of taking a long-term view and investing or continuing to invest.

### **Regulatory change**

SJP actively engages with the regulators and makes improvements to meet evolving and higher industry standards and expectations for financial advisers and investment intermediaries to help reduce and prevent the risks of serious harm to clients.

Regulatory change is a constant and, amongst the significant regulatory changes, the FCA reinforces the need for firms to embed the Consumer Duty regulation. Accordingly, it remains a priority to continue to embed the Duty and to improve activity to monitor and assess clients' outcomes.

### **Property fund closure**

In line with industry peers managing property funds, SJP announced the decision to wind down the Property Unit Trust and remove the Property Life and Pension fund options. Due to low investor sentiment towards property and market-wide challenges experienced by property funds, it was not feasible to continue to offer the fund. Work is underway to focus on operational processes to implement the change and clients' money has started to be returned to them. This process is expected to take up to two years as we are prioritising delivering fair value to clients, which is less likely to be achieved over a compressed timeframe.

### **Sustainability and climate change**

The information on the actions being taken to support the transition to a more sustainable economy can be found in the our responsible business section.

Sustainability and specifically climate-related risks are identified and assessed through the suite of Group risk policies, framework, processes and scoring methodologies as outlined throughout this section. Sustainability and climate change are cross-cutting risks that primarily drive market-related risk to investments as transition risks could threaten asset valuations; reputational risks associated with greenwashing accusations which could harm the Group's ability to attract and retain clients, reducing fee income; and regulatory risk as compliance with climate-related requirements can carry a high implementation cost. These could amplify the following principal risks to the business: client proposition, financial, strategy and change, regulatory and legislative (see our responsible business section in the Annual Report and Accounts 2024 for more detail).

The Group's approach to managing climate-driven market risk is similar to how other drivers of market-related investment risk are managed, through our investment management approach (IMA), whereby work is undertaken with fund managers to ensure they take account of climate risks whilst seeking to deliver returns for clients in line with their risk appetite.

Similarly to help mitigate reputational and regulatory risks, minimum standards are set for fund managers in relation to compliance and integration of ESG risks in decision-making.

Physical climate-related risks (acute or chronic) are assessed to ensure and enhance the Group's operational resilience. However, given the nature of SJP's operations, physical risks to the business are considered low. Climate-related opportunities, and the applicable timeframes assessed for each risk and opportunity are outlined in the our responsible business section in the Annual Report and Accounts 2024.

### **Principal risks and uncertainties**

Whilst the risk landscape evolved over the course of the year, the inherent principal risk areas that the business faces remain largely consistent with the previous year and are set out in the tables on the following pages, together with further information on the key risk components, and examples of material controls and processes through which these are aimed to be mitigated. Reputational damage and impacts to clients, the firm, or other stakeholders and the environment are a likely consequence of any of the principal risks materialising.

| Principal risk and business priority | Risk description                                                                                                                                                     | Example risk components                                                                                                                                                                                                                                                                                                                                                                                                                 | Example mitigation/material controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Advice and conduct</b>            | Quality, suitable advice, or service to clients is not provided.                                                                                                     | <ul style="list-style-type: none"> <li>Advisers deliver poor-quality or unsuitable advice.</li> <li>Failure to evidence the provision of good-quality service and advice.</li> <li>Increasing complaint volumes.</li> </ul>                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Licensing programme which supports the quality of advice and service from advisers.</li> <li>Technical support helplines for advisers.</li> <li>Partner financial reviews.</li> <li>Whistleblowing and investigations.</li> <li>Oversight processes in respect of the advice provided to clients delivered by Business. Assurance, Field Risk, Advice Guidance and Compliance Monitoring teams.</li> <li>Evidence of ongoing servicing of clients and charge switch-off process where ongoing advice has not been provided.</li> <li>Client complaint handling process and reporting.</li> </ul>                                                                                     |
| <b>Client proposition</b>            | The product proposition fails to meet the needs, objectives and expectations of clients. This includes poor relative investment performance and poor product design. | <ul style="list-style-type: none"> <li>Investments provide poor returns relative to their benchmarks and/or do not deliver expected client outcomes.</li> <li>Range of solutions does not align with the product and service requirements of current and potential future clients.</li> <li>Failure to meet client expectations of a sustainable business, not least in respect of climate change and responsible investing.</li> </ul> | <ul style="list-style-type: none"> <li>Monitoring of asset allocations across portfolios to consider whether they are performing as expected in working towards long-term objectives.</li> <li>Monitoring funds against their objectives, mindful of an appropriate level of investment risk.</li> <li>Ongoing assessment of value delivered by funds and portfolios versus their objectives.</li> <li>Where necessary, fund managers are changed in the most effective way possible.</li> <li>Continuous review and development of the range of services offered to clients.</li> <li>Engagement with fund managers around principles of responsible investment.</li> </ul>                                                |
| <b>Financial</b>                     | The business's finances are not effectively managed.                                                                                                                 | <ul style="list-style-type: none"> <li>Failure to meet client liabilities.</li> <li>Investment/market risk.</li> <li>Liquidity risk.</li> <li>Credit risk.</li> <li>Solvency/capital risk.</li> <li>Expense risk.</li> <li>Finance operations and financial reporting risk.</li> </ul>                                                                                                                                                  | <ul style="list-style-type: none"> <li>Policyholder liabilities are fully matched.</li> <li>The Group maintains liquidity facilities with banks which are available on short notice if required to meet liquidity needs.</li> <li>Excess assets appropriately invested in high-quality, high-liquidity cash and cash equivalents.</li> <li>Strict lending criteria applied. Use of securitisation structures to manage exposure to Partner loans.</li> <li>Monitoring and management of subsidiaries' solvency to minimise Group interdependency.</li> <li>Setting and monitoring budgets.</li> <li>Financial control policy, application and monitoring.</li> <li>Budget and expense management and monitoring.</li> </ul> |
| <b>Partner proposition</b>           | The proposition solution fails to meet the needs, objectives and expectations of current and                                                                         | <ul style="list-style-type: none"> <li>Failure to attract new members to the Partnership.</li> <li>Failure to retain advisers.</li> </ul>                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Focus on providing a market-leading Partner proposition.</li> <li>Adequately skilled and resourced population of supporting field managers.</li> <li>Market-leading support to Partners' businesses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Principal risk and business priority | Risk description                                                                                                                                   | Example risk components                                                                                                                                                                                                                                                                                                                                                                                              | Example mitigation/material controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | potential future advisers.                                                                                                                         | <ul style="list-style-type: none"> <li>Failure to increase adviser productivity.</li> <li>Available technology falls short of client and adviser expectations and fails to support growth objective.</li> <li>The Academy does not adequately support growth of the Partnership.</li> </ul>                                                                                                                          | <ul style="list-style-type: none"> <li>Reliable systems and administration support.</li> <li>Expanding the Academy capacity and supporting recruits through the Academy and beyond.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                            |
| <b>People</b>                        | SJP is unable to attract, retain and organise the right people to run the business.                                                                | <ul style="list-style-type: none"> <li>Failure to attract and retain personnel with key skills.</li> <li>Failure to manage colleague performance effectively to meet objectives.</li> <li>Key person dependencies.</li> <li>Failure to create an inclusive and diverse business.</li> <li>Poor employee wellbeing or corporate culture.</li> <li>Culture of supporting social value is eroded.</li> </ul>            | <ul style="list-style-type: none"> <li>Competitive total reward packages and effective performance management processes.</li> <li>Succession planning and talent management.</li> <li>Employee wellbeing is supported through various initiatives, benefits and services.</li> <li>Monitoring of employee engagement and satisfaction.</li> <li>Corporate incentives to encourage social value engagement, including matching of employee charitable giving to the SJP Charitable Foundation.</li> <li>Whistleblowing hotline.</li> </ul>                                 |
| <b>Regulatory and legislative</b>    | Current, changing or new regulatory and legislative expectations are not met.                                                                      | <ul style="list-style-type: none"> <li>Failure to prevent financial crime, money laundering, bribery and corruption, market abuse.</li> <li>Internal or external fraud.</li> <li>Failure to protect the confidentiality, integrity and availability of data.</li> <li>Failure to comply with changing regulation or respond to changes in regulatory expectations.</li> <li>Inadequate internal controls.</li> </ul> | <ul style="list-style-type: none"> <li>Financial crime prevention.</li> <li>Fraud awareness programme.</li> <li>Data protection measures including policies, governance &amp; impact assessments, and awareness programmes. Clearly defined accountabilities and delegated authorities across the business.</li> <li>Fostering of positive regulatory relationships.</li> <li>Established governance and reporting processes, including incident escalations and breach reporting.</li> <li>Extensive reviews over control environment and product governance.</li> </ul> |
| <b>Security and resilience</b>       | SJP fails to adequately secure its physical assets, systems and/or sensitive information, or to deliver critical business services to its clients. | <ul style="list-style-type: none"> <li>Core system failure.</li> <li>Disruption in key business services to clients.</li> <li>Failure to protect against cyber attack.</li> <li>Corporate, Partnership or third-party</li> </ul>                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>Business continuity planning for SJP and its key suppliers, and strengthening operational resilience capabilities by undertaking robust identification, assessment and testing of important business services.</li> <li>Clear cyber strategy and mandatory 'Cyber Essentials Plus' accreditation for Partner practices or use of an SJP 'Device as a Service' solution.</li> </ul>                                                                                                                                                 |

| Principal risk and business priority | Risk description                                                            | Example risk components                                                                                                                                                                                                                                                                                                                                                                              | Example mitigation/material controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      |                                                                             | information security and cyber risks.                                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• Identification, communication, and response planning for a cyber event.</li> <li>• Data leakage detection technology, incident reporting and systems.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Strategy and change</b>           | Failure to deliver change effectively and in line with the agreed strategy. | <ul style="list-style-type: none"> <li>• Risk that change initiatives fail to achieve the expected strategic contributions, outcomes and benefits.</li> <li>• Risk that change initiatives exceed budget, timelines, or fail to meet quality commitments.</li> <li>• Unnecessary delays/errors caused by failures in change delivery.</li> <li>• Failure to meet commitments to net zero.</li> </ul> | <ul style="list-style-type: none"> <li>• Robust change governance and change management practices, including oversight, structured methodologies and testing.</li> <li>• Project sponsorship and change governance.</li> <li>• Transformation prioritisation, planning and oversight.</li> <li>• Change budget and resource planning and management.</li> <li>• Risk, assumption, issue and dependency management.</li> <li>• Data protection impact assessments.</li> <li>• Establishing appropriate interim emission targets using a data-driven approach to ensure feasibility.</li> </ul> |
| <b>Third parties</b>                 | Third-party outsourcers' activities impact performance and risk management. | <ul style="list-style-type: none"> <li>• Operational failures by material outsourcers.</li> <li>• Failure of critical services. Significant outsourced areas include: <ul style="list-style-type: none"> <li>- investment administration</li> <li>- fund management</li> <li>- custody</li> <li>- policy administration</li> <li>- cloud services</li> </ul> </li> </ul>                             | <ul style="list-style-type: none"> <li>• Ongoing third-party monitoring and governance, including assessment of operational resilience.</li> <li>• Due diligence on contractual agreements and SLAs.</li> <li>• Review of exit planning, operational resilience and business continuity plans.</li> </ul>                                                                                                                                                                                                                                                                                     |

## Emerging risks

Emerging risks are identified through many activities: conversations and workshops with stakeholders and governance forums throughout the business, reviewing academic papers, attending industry events and other horizon scanning by the Group Risk team.

The purpose of monitoring and reporting emerging risks is to give assurance that the Group is well positioned to manage the novel developing or rapidly changing risks to its future strategy. The Group Risk Committee reviewed emerging risks during 2024. Examples of emerging risks include:

- **Cyber security risk** – Cyber attacks that result in loss of customer data, financial assets, and damage to reputation.
- **Climate change risk** – The risks associated with climate change and the need to transition to net zero by 2050 will have physical, legal, and regulatory consequences.

- **Regulatory change risk** – SJP is subject to conduct and prudential regulation in the UK by the PRA and FCA and in the other jurisdictions in which it operates.
- **Geopolitical risk** – Political instability, trade wars, and other geopolitical events can disrupt markets, reduce investment returns, and increase operating costs.
- **Artificial intelligence risk** – The use of artificial intelligence (AI) can improve efficiency and profitability but can also create risks associated with data privacy, algorithmic bias, and regulatory compliance.
- **Demographic shift risk** – Ageing population and demographic shifts can impact the demand for SJP services, requiring the need for innovative product solutions and a more advanced digital proposition.
- **Energy crisis/blackout risk** – Greater reliance on legacy nuclear plants and new renewable sources is highlighting a disparity between the UK's supply and demand of energy.

## **Viability statement**

### **How viability is assessed**

The business considers five-year financial forecasts when developing its strategy. These incorporate the budget for the next financial year and four further years of forecasts based on reasonable central assumptions around the development of business drivers.

At the core of assessing viability is understanding how different principal risks could materialise. Risks are considered which might present either in isolation or in combination and which could result in acute shocks to the business or long-term underperformance against forecast(ed) business drivers. A five-year time horizon is considered sufficiently long to assess potential impacts and aim to ensure that the business remains viable, noting that identified management actions could also be taken to restore the business's prospects.

When considering how the principal risks previously described might affect the business, impacts on the following key financial drivers are considered:

- reduction in client and Partner retention
- reduction in new business relative to forecasts
- market stresses
- increases in expenses
- direct losses through operational risk events.

Stress and scenario testing on these key financial drivers is carried out, alongside operational risk assessments. To provide comfort over viability over the next five years, the scenarios and assessments look at events which would be extreme, whilst still remaining plausible. The analysis contained in the most recent ORSA demonstrated that the Group is resilient.

As an example, a scenario considered in the most recent ORSA included a severe fall in new business volumes in year one of the projection, followed by no subsequent growth in new business; a large immediate lapse across all lines of business; and 0% investment growth over five years. Even in this extreme scenario, the Group maintained capital well above the regulatory capital requirements.

For adverse stresses and scenarios there would be impacts on profitability, and depending on the severity of the scenario the Group would review and implement recovery actions which aim to protect and/or restore the Group's finances.

## **Conclusion**

In accordance with the UK Corporate Governance Code (Provision 31), the Directors have assessed the Group's current financial position and prospects over the next five-year period and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due. The Directors believe that the Group's risk planning, management processes and culture allow for a robust and risk-conscious environment.

# Consolidated statement of comprehensive income

|                                                                       |      | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|-----------------------------------------------------------------------|------|-----------------------------------|-----------------------------------|
|                                                                       | Note | £'Million                         | £'Million                         |
| Fee and commission income                                             | 4    | <b>3,163.9</b>                    | 2,788.9                           |
| Expenses                                                              |      | <b>(2,236.7)</b>                  | (2,433.3)                         |
| Investment return                                                     | 5    | <b>22,785.3</b>                   | 16,197.6                          |
| Movement in investment contract benefits                              | 5    | <b>(22,688.5)</b>                 | (16,130.9)                        |
| Insurance revenue                                                     |      | <b>25.2</b>                       | 25.3                              |
| Insurance service expenses                                            |      | <b>(21.8)</b>                     | (24.5)                            |
| Net reinsurance expense                                               |      | <b>(3.1)</b>                      | (5.0)                             |
| <b>Insurance service result</b>                                       |      | <b>0.3</b>                        | (4.2)                             |
| Net insurance finance income/(expense)                                |      | <b>2.7</b>                        | (10.0)                            |
| Finance income                                                        |      | <b>58.5</b>                       | 48.8                              |
| Finance costs                                                         |      | <b>(36.4)</b>                     | (17.3)                            |
| <b>Profit before tax</b>                                              |      | <b>1,049.1</b>                    | 439.6                             |
| Tax attributable to policyholders' returns                            | 6    | <b>(513.2)</b>                    | (444.1)                           |
| <b>Profit/(loss) before tax attributable to shareholders' returns</b> |      | <b>535.9</b>                      | (4.5)                             |
| Total tax charge                                                      | 6    | <b>(650.7)</b>                    | (449.5)                           |
| Less: tax attributable to policyholders' returns                      | 6    | <b>513.2</b>                      | 444.1                             |
| Tax attributable to shareholders' returns                             | 6    | <b>(137.5)</b>                    | (5.4)                             |
| <b>Profit/(loss) and total comprehensive income for the year</b>      |      | <b>398.4</b>                      | (9.9)                             |
| Profit attributable to non-controlling interests                      |      | –                                 | 0.2                               |
| Profit/(loss) attributable to equity shareholders                     |      | <b>398.4</b>                      | (10.1)                            |
| <b>Profit/(loss) and total comprehensive income for the year</b>      |      | <b>398.4</b>                      | (9.9)                             |
|                                                                       | Note | Pence                             | Pence                             |
| <b>Basic earnings per share</b>                                       | 12   | <b>73.0</b>                       | (1.8)                             |
| <b>Diluted earnings per share</b>                                     | 12   | <b>72.6</b>                       | (1.8)                             |

The results relate to continuing operations.

# Consolidated statement of changes in equity

## Equity attributable to owners of the Parent Company

|                                                             |      | Share<br>capital | Share<br>premium | Capital<br>redemption<br>reserve | Shares in<br>trust<br>reserve | Misc.<br>reserves | Retained<br>earnings | Total          | Non-<br>controlling<br>interests | Total<br>equity |
|-------------------------------------------------------------|------|------------------|------------------|----------------------------------|-------------------------------|-------------------|----------------------|----------------|----------------------------------|-----------------|
|                                                             | Note | £'Million        | £'Million        | £'Million                        | £'Million                     | £'Million         | £'Million            | £'Million      | £'Million                        | £'Million       |
| At 1 January 2023                                           |      | 81.6             | 227.8            | –                                | (4.1)                         | 2.5               | 963.8                | 1,271.6        | 0.2                              | 1,271.8         |
| (Loss)/profit and total comprehensive income for the year   |      | –                | –                | –                                | –                             | –                 | (10.1)               | (10.1)         | 0.2                              | (9.9)           |
| Dividends                                                   | 12   | –                | –                | –                                | –                             | –                 | (289.6)              | (289.6)        | (0.3)                            | (289.9)         |
| Exercise of options                                         | 12   | 0.7              | 6.1              | –                                | –                             | –                 | –                    | 6.8            | –                                | 6.8             |
| Consideration paid for own shares                           | 12   | –                | –                | –                                | (0.5)                         | –                 | –                    | (0.5)          | –                                | (0.5)           |
| Issue of treasury shares in respect of share schemes        |      | –                | –                | –                                | 3.9                           | –                 | (3.9)                | –              | –                                | –               |
| Retained earnings credit in respect of share option charges |      | –                | –                | –                                | –                             | –                 | 5.4                  | 5.4            | –                                | 5.4             |
| Retained earnings debit arising on disposal of subsidiary   |      | –                | –                | –                                | –                             | –                 | (0.2)                | (0.2)          | –                                | (0.2)           |
| <b>At 31 December 2023</b>                                  |      | <b>82.3</b>      | <b>233.9</b>     | <b>–</b>                         | <b>(0.7)</b>                  | <b>2.5</b>        | <b>665.4</b>         | <b>983.4</b>   | <b>0.1</b>                       | <b>983.5</b>    |
| Profit and total comprehensive income for the year          |      | –                | –                | –                                | –                             | –                 | <b>398.4</b>         | <b>398.4</b>   | –                                | <b>398.4</b>    |
| Dividends                                                   | 12   | –                | –                | –                                | –                             | –                 | <b>(76.6)</b>        | <b>(76.6)</b>  | <b>(0.2)</b>                     | <b>(76.8)</b>   |
| Shares repurchased in the buy-back programme                | 12   | <b>(0.7)</b>     | –                | <b>0.7</b>                       | –                             | –                 | <b>(33.1)</b>        | <b>(33.1)</b>  | –                                | <b>(33.1)</b>   |
| Consideration paid for own shares                           | 12   | –                | –                | –                                | <b>(9.5)</b>                  | –                 | –                    | <b>(9.5)</b>   | –                                | <b>(9.5)</b>    |
| Retained earnings credit in respect of share option charges |      | –                | –                | –                                | –                             | –                 | <b>11.2</b>          | <b>11.2</b>    | –                                | <b>11.2</b>     |
| <b>At 31 December 2024</b>                                  |      | <b>81.6</b>      | <b>233.9</b>     | <b>0.7</b>                       | <b>(10.2)</b>                 | <b>2.5</b>        | <b>965.3</b>         | <b>1,273.8</b> | <b>(0.1)</b>                     | <b>1,273.7</b>  |

The number of shares held in the shares in trust reserve is given in Note 12 Share capital, earnings per share and dividends.

Miscellaneous reserves represent other non-distributable reserves.

# Consolidated statement of financial position

|                                                            |      | As at<br>31 December<br>2024 | As at<br>31 December<br>2023 |
|------------------------------------------------------------|------|------------------------------|------------------------------|
|                                                            | Note | £'Million                    | £'Million                    |
| <b>Assets</b>                                              |      |                              |                              |
| Goodwill                                                   |      | 23.3                         | 33.6                         |
| Deferred acquisition costs                                 |      | 286.2                        | 304.4                        |
| Intangible assets                                          |      | 15.5                         | 36.0                         |
| Property and equipment, including leased assets            |      | 134.0                        | 153.1                        |
| Investment property                                        |      | 892.3                        | 1,110.3                      |
| Deferred tax assets                                        | 6    | 2.7                          | 36.5                         |
| Investment in associates                                   |      | 21.9                         | 10.2                         |
| Reinsurance assets                                         |      | 14.9                         | 13.0                         |
| Other receivables                                          | 7    | 2,687.4                      | 2,997.4                      |
| Financial investments                                      |      | 182,320.2                    | 157,973.7                    |
| Derivative financial assets                                |      | 2,812.8                      | 3,420.6                      |
| Cash and cash equivalents                                  |      | 5,663.9                      | 6,204.3                      |
| <b>Total assets</b>                                        |      | <b>194,875.1</b>             | <b>172,293.1</b>             |
| <b>Liabilities</b>                                         |      |                              |                              |
| Borrowings                                                 | 10   | 516.8                        | 251.4                        |
| Deferred tax liabilities                                   | 6    | 679.4                        | 411.7                        |
| Insurance contract liabilities                             |      | 518.6                        | 496.0                        |
| Deferred income                                            |      | 469.5                        | 491.5                        |
| Other provisions                                           | 9    | 460.3                        | 500.1                        |
| Other payables                                             | 8    | 2,144.3                      | 2,388.1                      |
| Investment contract benefits                               |      | 141,038.8                    | 123,149.8                    |
| Derivative financial liabilities                           |      | 3,052.1                      | 3,073.0                      |
| Net asset value attributable to unit holders               |      | 44,699.5                     | 40,536.5                     |
| Income tax liabilities                                     |      | 22.1                         | 11.5                         |
| <b>Total liabilities</b>                                   |      | <b>193,601.4</b>             | <b>171,309.6</b>             |
| <b>Net assets</b>                                          |      | <b>1,273.7</b>               | <b>983.5</b>                 |
| <b>Shareholders' equity</b>                                |      |                              |                              |
| Share capital                                              | 12   | 81.6                         | 82.3                         |
| Share premium                                              |      | 233.9                        | 233.9                        |
| Capital redemption reserve                                 | 12   | 0.7                          | –                            |
| Shares in trust reserve                                    |      | (10.2)                       | (0.7)                        |
| Miscellaneous reserves                                     |      | 2.5                          | 2.5                          |
| Retained earnings                                          |      | 965.3                        | 665.4                        |
| <b>Equity attributable to owners of the Parent Company</b> |      | <b>1,273.8</b>               | <b>983.4</b>                 |
| Non-controlling interests                                  |      | (0.1)                        | 0.1                          |
| <b>Total equity</b>                                        |      | <b>1,273.7</b>               | <b>983.5</b>                 |
|                                                            |      | <b>Pence</b>                 | <b>Pence</b>                 |
| <b>Net assets per share</b>                                |      | <b>234.1</b>                 | <b>179.3</b>                 |

# Consolidated statement of cash flows

|                                                                                                          |      | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 <sup>1</sup> |
|----------------------------------------------------------------------------------------------------------|------|-----------------------------------|------------------------------------------------|
|                                                                                                          | Note | £'Million                         | £'Million                                      |
| <b>Cash flows from operating activities</b>                                                              |      |                                   |                                                |
| Cash (used in)/generated from operations <sup>1</sup>                                                    | 11   | (528.5)                           | 53.4                                           |
| Interest received <sup>1</sup>                                                                           |      | 236.6                             | 168.6                                          |
| Interest paid                                                                                            |      | (36.4)                            | (17.3)                                         |
| Income taxes paid                                                                                        | 6    | (326.1)                           | (179.4)                                        |
| Contingent consideration paid                                                                            |      | (1.3)                             | (6.7)                                          |
| <b>Net cash (outflow)/inflow from operating activities</b>                                               |      | <b>(655.7)</b>                    | <b>18.6</b>                                    |
| <b>Cash flows from investing activities</b>                                                              |      |                                   |                                                |
| Payments for property and equipment                                                                      |      | (3.6)                             | (11.2)                                         |
| Payment of software development costs                                                                    |      | (5.1)                             | (10.9)                                         |
| Payments for acquisition of subsidiaries and other business combinations,<br>net of cash acquired        |      | –                                 | (5.4)                                          |
| Payments for associates                                                                                  |      | (8.3)                             | (8.8)                                          |
| Proceeds from sale of shares in subsidiaries and other business<br>combinations,<br>net of cash disposed |      | –                                 | 1.1                                            |
| <b>Net cash outflow from investing activities</b>                                                        |      | <b>(17.0)</b>                     | <b>(35.2)</b>                                  |
| <b>Cash flows from financing activities</b>                                                              |      |                                   |                                                |
| Proceeds from the issue of share capital and exercise of options                                         |      | –                                 | 6.8                                            |
| Shares repurchased in the share buy-back programme                                                       | 12   | (33.1)                            | –                                              |
| Consideration paid for own shares                                                                        |      | (9.5)                             | (0.5)                                          |
| Proceeds from borrowings                                                                                 | 10   | 473.8                             | 233.1                                          |
| Repayment of borrowings                                                                                  | 10   | (208.1)                           | (144.8)                                        |
| Principal elements of lease payments                                                                     |      | (14.0)                            | (14.2)                                         |
| Dividends paid to Company's shareholders                                                                 | 12   | (76.6)                            | (289.6)                                        |
| Dividends paid to non-controlling interests in subsidiaries                                              |      | (0.2)                             | (0.3)                                          |
| <b>Net cash inflow/(outflow) from financing activities</b>                                               |      | <b>132.3</b>                      | <b>(209.5)</b>                                 |
| <b>Net decrease in cash and cash equivalents</b>                                                         |      | <b>(540.4)</b>                    | <b>(226.1)</b>                                 |
| Cash and cash equivalents at 1 January                                                                   |      | 6,204.3                           | 6,432.8                                        |
| Effects of exchange rate changes on cash and cash equivalents                                            |      | –                                 | (2.4)                                          |
| <b>Cash and cash equivalents at 31 December</b>                                                          |      | <b>5,663.9</b>                    | <b>6,204.3</b>                                 |

<sup>1</sup> Restated to reclassify £60.6 million of money market fund interest from cash generated from operations to interest received, which had been misclassified.

# Notes to the consolidated financial statements under International Financial Reporting Standards

## 1. Accounting policies

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group).

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

As at 31 December 2024, the following relevant new and amended standards, which the Group adopted as of 1 January 2024, have been applied:

- Amendments to IAS 1 Presentation of Financial Statements – Non-current liabilities with covenants.

### New and amended accounting standards not yet effective

As at 31 December 2024, the following new and amended standards, which are relevant to the Group but have not been applied in the financial statements, were in issue but are not yet effective. All of the below are yet to be endorsed by the UK Endorsement Board.

- Amendments to the classification and measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.
- IFRS 18 Presentation and Disclosure in Financial Statements.

The Group is currently assessing the impact that the adoption of the above standards and amendments will have on the Group's results reported within the financial statements. The only one expected to have a significant impact on the Group's financial statements is IFRS 18 Presentation and Disclosure in Financial Statements. Further information on this standard is given below.

### IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements on 9 April 2024 which will replace IAS 1. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and gives investors better basis for analysing and comparing companies:

- improved comparability in the statement of comprehensive income.
- enhanced transparency of management defined performance measures.
- more useful grouping of information in the financial statements.

Management are currently assessing the impacts of adopting the new standard however it is only expected to have an impact on the presentation and disclosure of the financial statements and is not expected to have an impact on recognition and measurement. The effective date of the standard is 1 January 2027.

### Basis of preparation

The going concern basis has been adopted in preparing these financial statements.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chief Executive Officer's report and the Chief Financial Officer's report. The financial performance and financial position of the Group are described in the financial review.

As shown in section 3 of the financial review, the Group's capital position remains strong and well in excess of regulatory requirements. In addition, it has continued to operate within its external banking covenants. In addition, the Fitch rating remains at A+ for SJPUK (A at SJP PLC level). Further, the long-term nature of the business results in considerable positive cash flows arising from existing business.

The Board has considered the challenging macroeconomic and geopolitical conditions which continued during 2024, noting that the business continued to be successful in this environment. Notwithstanding these challenges, gross inflows for 2024 were £18.4 billion, up 20% on 2023, with momentum building during the year. Retention of client funds

under management remained strong at 94.5% resulting in net inflows of £4.3 billion. These factors along with the performance of our key outsource providers, monitored through our ongoing oversight, supports its view that the business will continue to remain operationally resilient.

The Board has also considered a profitability forecast including base case scenario and severe but plausible downside scenarios. In modelling these scenarios, the Group has considered its liquidity, cash and IFRS results. The downside scenarios are severe but plausible and would still leave the Group with positive cash result and IFRS profit.

As a result of its review, the Board believes that the Group will continue to operate, with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations, for a period of at least 12 months from the date of approval of the Group financial statements.

The financial statements are presented in pounds Sterling rounded to the nearest one hundred thousand pounds. They are prepared on a historical cost basis, except for assets classified as investment property and financial assets and liabilities at fair value through profit and loss.

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 about 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 in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Judgements made by management in the application of IFRSs that have material effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

The financial statements are prepared in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS, and the accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

#### **Other accounting policies**

The other accounting policies used by the Group in preparing the results are consistent with those applied in preparing the statutory accounts for the year ended 31 December 2023.

#### **Alternative performance measures**

Within the financial statements, a number of alternative performance measures (APMs) are disclosed. An APM is a measure of financial performance, financial position or cash flows which is not defined by the relevant financial reporting framework, which for the Group is International Financial Reporting Standards as adopted by the UK Endorsement Board. APMs are used to provide greater insight into the performance of the Group and the way it is managed by the Directors. A definition of each of the APMs is included in the glossary of alternative performance measures section, which explains why it is used and, where applicable, explains how the measure can be reconciled to the IFRS financial statements.

## **2. Critical accounting estimates and judgements in applying accounting policies**

### **Estimates**

Critical accounting estimates are those which give rise to a significant risk of material adjustment to the balances recognised in the financial statements within the next 12 months. The Group's critical accounting estimates relate to:

- determining the value of insurance contract liabilities and reinsurance assets.
- determining the fair value of investment property.
- determining the fair value of Level 3 fixed income securities and equities.
- determining the value of the Ongoing Service Evidence provision.
- determining the value of the complaints provision.

Estimates are also applied in calculating other assets of the financial statements, including determining the value of deferred tax assets, investment contract benefits, the operational readiness prepayment and other provisions.

### **Determining the value of insurance contract liabilities and reinsurance assets**

In accordance with IFRS 17, the Group has used the following assumptions in the calculation of insurance contract liabilities and reinsurance assets:

- the assumed rate of investment return, which is based on current risk-free swap rates.
- the mortality and morbidity rates, which are based on the results of an investigation of experience during the year.
- the level of expenses, which for the year under review is based on actual expenses in 2024 and expected rates in 2025 and over the long term.
- the lapse assumption, which is set based on an investigation of experience during the year.
- the risk adjustment, which is determined using a cost of capital approach with a 3% charge (2023: 3%). There has been no change during the year.

### **Determining the fair value of investment property**

In accordance with IAS 40, the Group initially recognises investment properties at cost, and subsequently remeasures its portfolio to fair value in the statement of financial position. Fair value is determined at least monthly by professional external valuers. It is based on anticipated market values for the properties in accordance with the guidance issued by the Royal Institution of Chartered Surveyors (RICS), being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants.

The valuation of investment property is inherently subjective as it requires, among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income into the future, the assessment of a property's potential to remain as an attractive technical configuration to existing and prospective tenants in a changing market and a judgement on the attractiveness of a building, its location and the surrounding environment. Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. In a valuation context, sustainability encompasses a wide range of physical, social, environmental and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as design, configuration, accessibility, legislation, management and fiscal considerations – and, additionally, current and historical land use. As such, investment properties are classified as Level 3 in the IFRS 13 fair value hierarchy because they are valued using techniques which are not based on observable inputs.

During the year, SJP announced the decision to wind down the Property Unit Trust and remove the Property Life and Pension fund options. The process of determining the fair value of investment property remains unchanged.

### **Determining the fair value of Level 3 fixed income securities and equities**

In accordance with IFRS 9, the Group elects to classify its portfolio of policyholder fixed income securities at fair value through profit and loss to match the accounting for policyholder liabilities. Its portfolio of equities is required to be held at fair value through profit and loss. As a result, all fixed income securities and equities are held at fair value, with the best evidence of the fair value at initial recognition typically being the transaction price, i.e. the fair value of the consideration given or received.

A number of investments are held in private credit and private equity assets, which are recognised within fixed income securities and within equities, respectively, on the consolidated statement of financial position. The fair value of these assets is determined following a monthly valuation process which uses two different valuation models and includes verification by professional external valuers. The models use suitable market comparatives and an estimate of future cash flows expected to flow from the issuing entity.

The valuations are inherently subjective as they require a number of assumptions to be made, such as determining which entities provide suitable market comparatives and their relevant performance metrics (for example earnings before interest, tax, depreciation and amortisation), determining appropriate discount rates and cash flow forecasts to use in models, the weighting to apply to each valuation methodology, and the point in the range of valuations to select as the fair value. As the inputs to the valuation models are unobservable, the investments in private credit and private equity assets are classified as Level 3 in the IFRS 13 fair value hierarchy.

## **Determining the value of the Ongoing Service Evidence provision**

The Group has committed to review the sub-population of clients that has been charged for ongoing advice services since the start of 2018 but where the evidence of delivery falls below the acceptable standard. Where the standard of evidence is deemed by the Group to be marginal the Group will invite clients to join the review (the 'Opt-In population'), but where the standard of evidence is deemed to be poor the Group will include clients in the review unless instructed otherwise (the 'Opt-Out population').

In accordance with IAS 37, and reflecting an initial assessment of a statistically credible representative cohort of clients undertaken by a skilled person, the Group has quantified the Ongoing Service Evidence provision as the best estimate of the amount necessary to settle the present obligation, taking into account the associated risks and uncertainties.

The period for the review has been determined by the Group to commence from 2018 following an assessment of the regulatory regime in force during this period and the requirement to retain evidence of delivery for this period of time.

Key estimates and assumptions in assessing the estimated value are:

- extrapolation from a representative cohort – that the initial assessment, of a statistically credible representative cohort of client records, can be extrapolated to the wider review population.
- Opt-In response rate – the response rate by clients to an invitation, taking into account industry experience.
- administration costs – that in-house historic experience and wider market experience of similar exercises can be used to estimate the cost to fulfil the exercise.

Further details of the provision, including sensitivity analysis, are set out in Note 9.

## **Determining the value of the complaints provision**

In accordance with IAS 37 the Group has continued to quantify the complaints provision as the best estimate of the amount necessary to settle the present obligation, taking into account the associated risks and uncertainties. The key estimate in assessing the value of the provision is the assessment of the proportion of cases requiring redress. Further details of the provision are set out in Note 9.

## **Judgements**

The primary areas in which the Group has applied judgement are as follows:

### **Consolidation**

Entities are consolidated within the Group financial statements if they are controlled by the Group. Control exists if the Group is exposed to, or has rights to, variable returns from its involvement with the entity and the Group has the ability to affect those returns through its power over the entity. Significant judgement can be involved in determining whether the Group controls an entity, such as in the case of the structured entity set up for the Group's securitisation transaction, SJP Partner Loans No.1 Limited, and for the Group's unit trusts.

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. As a result, factors such as whether a Group entity is able to direct the relevant activities of the entity and the extent to which the Group is exposed to variability of returns are considered. In the case of SJP Partner Loans No.1 Limited, it was determined that the Group does control the entity and hence it is consolidated. This is due to an entity in the Group holding the junior tranche of loan notes, hence being subject to variability of returns, and the same entity being able to direct the relevant activities of the structured entity through its role of servicer to the securitised portfolio.

Unit trusts are consolidated when the Group holds more than 30% of the units in that unit trust. This is the threshold at which the Group is considered to achieve control, having regard to factors such as:

- the scope of decision-making authority held by St. James's Place Unit Trust Group Limited, the unit trust manager.
- rights held by external parties to remove the unit trust manager.
- the Group's exposure to variable returns through its holdings in the unit trusts and its ability to influence the unit trust manager's remuneration.

### **Determining non-performing business loans to Partners**

Business loans to Partners are considered to be non-performing (Stage 3), in the context of the definition prescribed by IFRS 9, if they are in default. This is defined as a loan to either:

- a Partner who has left the St. James's Place Partnership; or
- a Partner whom management considers to be at significant risk of leaving the Partnership and where an orderly settlement of debt is considered to be in question.

### **Determining the derecognition of business loans to Partners**

Business loans to Partners are derecognised, in the context of the definition prescribed by IFRS 9, when:

- the assets have been sold to a third-party
- there is an obligation to pay received cash flows in full without material delay to a third party under a 'pass-through' arrangement
- the originator has transferred substantially all the risks and rewards of owning the assets.

See Note 7 for further information on the derecognition of business loans to Partners.

## **3. Segment reporting**

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board, in order to allocate resources to each segment and assess its performance.

The Group's only reportable segment under IFRS 8 is a 'wealth management' business – providing support to our clients through our network of advisers providing valuable face-to-face financial advice, and financial solutions including (but not limited to) wealth management products manufactured in the Group, such as insurance bonds, pensions, unit trust and ISA investments, and a DFM service.

Separate geographical segmental information is not presented since the Group does not segment its business geographically. Most of its customers are based in the United Kingdom, as is management of the assets. In particular, the operation based in Asia is not yet sufficiently material for separate consideration.

### **Segment revenue**

Revenue received from fee and commission income is set out in Note 4, which details the different types of revenue received from our wealth management business.

### **Segment profit**

Two separate measures of profit are monitored by the Board. These are the post-tax Underlying cash result and the pre-tax European Embedded Value (EEV) profit. Further details can be found within the glossary of alternative performance measures section.

### **Underlying cash result**

The measure of cash profit monitored by the Board is the post-tax Underlying cash result. For further information please refer to the glossary of alternative performance measures section.

More detail is provided in section 2.2 of the financial review.

The Cash result should not be confused with the IFRS consolidated statement of cash flows, which is prepared in accordance with IAS 7.

|                                                                       | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|-----------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                       | £'Million                         | £'Million                         |
| <b>Underlying cash result after tax</b>                               | <b>447.2</b>                      | 392.4                             |
| Ongoing Service Evidence provision                                    | –                                 | (323.7)                           |
| Movement in DAC/DIR/PVIF                                              | (0.1)                             | 3.1                               |
| Impact of policyholder tax asymmetry (see Note 4)                     | (38.9)                            | (44.4)                            |
| Equity-settled share-based payments                                   | (11.2)                            | (5.4)                             |
| Impact of deferred tax                                                | (9.0)                             | (24.9)                            |
| Other                                                                 | 10.4                              | (7.0)                             |
| <b>IFRS profit/(loss) after tax</b>                                   | <b>398.4</b>                      | (9.9)                             |
| Shareholder tax                                                       | 137.5                             | 5.4                               |
| <b>Profit/(loss) before tax attributable to shareholders' returns</b> | <b>535.9</b>                      | (4.5)                             |
| Tax attributable to policyholder returns                              | 513.2                             | 444.1                             |
| <b>IFRS profit before tax</b>                                         | <b>1,049.1</b>                    | 439.6                             |

### EEV operating profit

EEV operating profit is monitored by the Board. The components of the EEV operating profit are included in more detail in the financial review within the Annual Report and Accounts 2024.

|                                                                                      | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|--------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                                      | £'Million                         | £'Million                         |
| EEV operating profit/(loss) before tax after exceptional items                       | 1,045.0                           | (1,891.6)                         |
| Investment return variance                                                           | 533.7                             | 501.7                             |
| Economic assumption changes                                                          | 23.5                              | 2.5                               |
| <b>EEV profit/(loss) before tax</b>                                                  | <b>1,602.2</b>                    | (1,387.4)                         |
| Adjustments to IFRS basis:                                                           |                                   |                                   |
| Deduct: amortisation of purchased value of in-force business                         | (3.2)                             | (3.2)                             |
| Movement of balance sheet life value of in-force business (net of tax)               | (354.5)                           | 2,769.6                           |
| Movement of balance sheet unit trust and DFM value of in-force business (net of tax) | (345.4)                           | 226.0                             |
| Movement of balance sheet other value of in-force business (net of tax)              | (291.4)                           | (1,918.9)                         |
| Tax on movement in value of in-force business                                        | (71.8)                            | 309.4                             |
| <b>Profit/(loss) before tax attributable to shareholders' returns</b>                | <b>535.9</b>                      | (4.5)                             |
| Tax attributable to policyholder returns                                             | 513.2                             | 444.1                             |
| <b>IFRS profit before tax</b>                                                        | <b>1,049.1</b>                    | 439.6                             |

The movement in life, unit trust and DFM, and other value of in-force business is the difference between the opening and closing discounted value of the profits that will emerge from the in-force book over time, after adjusting for DAC and DIR impacts which are already included under IFRS.

## Segment assets

### Funds under management (FUM)

FUM, as reported in section 1 of the financial review, is the measure of segment assets which is monitored on a monthly basis by the Board.

|                                                                                 | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|---------------------------------------------------------------------------------|-----------------------------|---------------------|
|                                                                                 | <b>£'Million</b>            | £'Million           |
| Investment                                                                      | <b>39,180.0</b>             | 35,990.0            |
| Pension                                                                         | <b>101,980.0</b>            | 87,320.0            |
| UT/ISA and DFM                                                                  | <b>49,050.0</b>             | 44,890.0            |
| <b>Total FUM</b>                                                                | <b>190,210.0</b>            | 168,200.0           |
| Exclude client and third-party holdings in non-consolidated unit trusts and DFM | <b>(4,183.3)</b>            | (4,360.4)           |
| Other                                                                           | <b>3,923.7</b>              | 3,968.2             |
| <b>Gross assets held to cover unit liabilities</b>                              | <b>189,950.4</b>            | 167,807.8           |
| IFRS intangible assets                                                          | <b>335.1</b>                | 399.6               |
| Shareholder gross assets                                                        | <b>4,589.6</b>              | 4,085.7             |
| <b>Total assets</b>                                                             | <b>194,875.1</b>            | 172,293.1           |

Other represents liabilities included within the underlying unit trusts. The unit trust liabilities form a reconciling item between total FUM, which is reported net of these liabilities, and total assets, which exclude these liabilities.

More detail on IFRS intangible assets and shareholder gross assets is provided in section 2.2 of the financial review.

## 4. Fee and commission income

|                                                          | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|----------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                          | £'Million                         | £'Million                         |
| Advice charges (post RDR)                                | 1,089.2                           | 954.3                             |
| Third-party fee and commission income                    | 131.3                             | 132.4                             |
| Wealth management fees                                   | 1,234.1                           | 1,065.0                           |
| Investment management fees                               | 74.5                              | 68.4                              |
| Fund tax deductions                                      | 513.2                             | 444.1                             |
| Policyholder tax asymmetry                               | (38.9)                            | (44.4)                            |
| Discretionary fund management fees                       | 23.4                              | 23.6                              |
| <b>Fee and commission income before DIR amortisation</b> | <b>3,026.8</b>                    | <b>2,643.4</b>                    |
| Amortisation of DIR                                      | 137.1                             | 145.5                             |
| <b>Total fee and commission income</b>                   | <b>3,163.9</b>                    | <b>2,788.9</b>                    |

Advice charges are received from clients for the provision of initial and ongoing advice in relation to a post-Retail Distribution Review (RDR) investment into a St. James's Place or third-party product.

Third-party fee and commission income is received from the product provider where an investment has been made into a third-party product.

Wealth management fees represent charges levied on manufactured business.

Investment management fees are received from clients for the provision of all aspects of investment management. Broadly, investment management fees are matched by investment management expenses.

Fund tax deductions represent amounts credited to, or deducted from, the life insurance business to match policyholder tax credits or charges. Market conditions will impact the level of fund tax deductions. This may lead to significant year on year movements when markets are volatile.

Life insurance tax incorporates a policyholder tax element, and the financial statements of a life insurance group need to reflect the liability to HMRC, with the corresponding deductions incorporated into policy charges ('Fund tax deductions' in the table above). The tax liability to HMRC is assessed using IAS 12 Income Taxes, which does not allow discounting, whereas the policy charges are designed to ensure fair outcomes between clients and so reflect a wide range of possible outcomes. This gives rise to different assessments of the current value of future cash flows and hence an asymmetry in the IFRS consolidated statement of financial position between the deferred tax position and the offsetting client balance. The net tax asymmetry balance reflects a temporary position, and in the absence of market volatility we expect it will unwind as future cash flows become less uncertain and are ultimately realised.

External market conditions drive the movement in the policyholder tax asymmetry balances. Net market gains in the year to 31 December 2024 have resulted in a negative policyholder tax asymmetry.

Discretionary fund management fees are received from clients for the provision of DFM services.

Where an investment has been made in a St. James's Place product, the initial product charge is deferred and recognised as a deferred income liability. This liability is extinguished, and income recognised, over the expected life of the investment. The income is the amortisation of DIR in the table above.

## 5. Investment return and movement in investment contract benefits

The majority of the business written by the Group is unit-linked investment business, and so investment contract benefits are measured by reference to the underlying net asset value of the Group's unitised investment funds. As a result, investment return on the unitised investment funds and the movement in investment contract benefits are linked.

### Investment return

|                                                                                                 | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|-------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                                                 | £'Million                         | £'Million                         |
| Attributable to unit-linked investment contract benefits:                                       |                                   |                                   |
| Rental income                                                                                   | 60.8                              | 69.9                              |
| Loss on revaluation of investment properties                                                    | (3.3)                             | (44.9)                            |
| Net investment return on financial instruments classified at fair value through profit and loss | 15,594.6                          | 13,013.4                          |
|                                                                                                 | 15,652.1                          | 13,038.4                          |
| Income attributable to third-party holdings in unit trusts                                      | 7,036.4                           | 3,092.5                           |
| <b>Investment return on net assets held to cover unit liabilities</b>                           | <b>22,688.5</b>                   | <b>16,130.9</b>                   |
| Net investment return on financial instruments classified at fair value through profit and loss | 95.6                              | 60.2                              |
| Net investment return on financial instruments held at amortised cost                           | 1.2                               | 6.5                               |
| Investment return on shareholder assets                                                         | 96.8                              | 66.7                              |
| <b>Total investment return</b>                                                                  | <b>22,785.3</b>                   | <b>16,197.6</b>                   |

Included in the net investment return on financial instruments classified as fair value through profit and loss, within investment return on net assets held to cover unit liabilities, is dividend income of £1,576.7 million (2023: £1,499.1 million).

## Movement in investment contract benefits

|                                                                                                       | 2024             | 2023             |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                       | £'Million        | £'Million        |
| Balance at 1 January                                                                                  | 123,149.8        | 106,964.7        |
| Deposits                                                                                              | 14,451.6         | 11,842.3         |
| Withdrawals                                                                                           | (10,778.2)       | (7,459.6)        |
| Movement in unit-linked investment contract benefits                                                  | 15,652.1         | 13,038.4         |
| Fees and other adjustments                                                                            | (1,436.5)        | (1,236.0)        |
| <b>Balance at 31 December</b>                                                                         | <b>141,038.8</b> | <b>123,149.8</b> |
| Current                                                                                               | 6,762.1          | 6,584.5          |
| Non-current                                                                                           | 134,276.7        | 116,565.3        |
|                                                                                                       | <b>141,038.8</b> | <b>123,149.8</b> |
| <b>Movement in unit liabilities</b>                                                                   |                  |                  |
| Unit-linked investment contract benefits                                                              | 15,652.1         | 13,038.4         |
| Third-party unit trust holdings                                                                       | 7,036.4          | 3,092.5          |
| <b>Movement in investment contract benefits in the consolidated statement of comprehensive income</b> | <b>22,688.5</b>  | <b>16,130.9</b>  |

## 6. Income and deferred taxes

### Tax for the year

|                                               | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|-----------------------------------------------|-----------------------------------|-----------------------------------|
|                                               | £'Million                         | £'Million                         |
| <b>Current tax</b>                            |                                   |                                   |
| UK corporation tax                            |                                   |                                   |
| – Current year charge                         | 330.7                             | 222.8                             |
| – Adjustment in respect of prior year         | 1.9                               | (0.5)                             |
| Overseas taxes                                |                                   |                                   |
| – Current year charge                         | 17.0                              | 2.9                               |
| – Adjustment in respect of prior year         | (0.3)                             | 0.1                               |
|                                               | <b>349.3</b>                      | <b>225.3</b>                      |
| <b>Deferred tax</b>                           |                                   |                                   |
| Unrealised capital gains in unit-linked funds | 261.6                             | 243.4                             |
| Unrelieved expenses                           |                                   |                                   |
| – Utilisation in the year                     | 8.9                               | 11.3                              |
| Capital losses                                |                                   |                                   |
| – Utilisation in the year                     | –                                 | 2.2                               |
| – Adjustment in respect of prior year         | –                                 | (0.1)                             |
| DAC, DIR and PVIF                             | (5.3)                             | (7.8)                             |
| Share-based payments                          | (5.3)                             | 8.1                               |
| Renewal income assets                         | (3.9)                             | (1.4)                             |
| Fixed asset timing differences                | 0.5                               | 2.6                               |
| UK trading losses                             | 40.8                              | (36.1)                            |
| Other items                                   | 3.8                               | 1.8                               |
| Overseas losses                               | –                                 | 0.3                               |
| Transitional adjustment                       | 3.4                               |                                   |
| Adjustment in respect of prior year           | (3.1)                             | (0.1)                             |
|                                               | <b>301.4</b>                      | <b>224.2</b>                      |
| <b>Total tax charge for the year</b>          | <b>650.7</b>                      | <b>449.5</b>                      |
| <b>Attributable to:</b>                       |                                   |                                   |
| – Policyholders                               | 513.2                             | 444.1                             |
| – Shareholders                                | 137.5                             | 5.4                               |
|                                               | <b>650.7</b>                      | <b>449.5</b>                      |

The prior year adjustment of £1.6 million charge in current tax above represents a £2.4 million charge in respect of policyholder tax (2023: £1.4 million credit) and a credit of £0.8 million in respect of shareholder tax (2023: £1.0 million charge). The prior year adjustment of £3.1 million credit in deferred tax above represents £0.1 million credit in respect of policyholder tax (2023: £nil) and a credit of £3.0 million in respect of shareholder tax (2023: £0.2 million credit).

In arriving at the profit before tax attributable to shareholders' returns, it is necessary to estimate the distribution of the total tax charge/(credit) between that payable in respect of policyholders and that payable by shareholders. Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders on the profits attributable to shareholders. This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits. The remainder of the tax charge/(credit) represents tax on policyholders' investment returns. This calculation method is consistent with the legislation relating to the calculation of tax on shareholder profits.

#### Reconciliation of tax charge to expected tax

|                                                                               | Year ended<br>31 December<br>2024 |               | Year ended<br>31 December<br>2023 |          |
|-------------------------------------------------------------------------------|-----------------------------------|---------------|-----------------------------------|----------|
|                                                                               | £'Million                         |               | £'Million                         |          |
| Profit before tax                                                             | 1,049.1                           |               | 439.6                             |          |
| Tax attributable to policyholders' returns                                    | (513.2)                           |               | (444.1)                           |          |
| <b>Profit/(loss) before tax attributable to shareholders' returns</b>         | <b>535.9</b>                      |               | (4.5)                             |          |
| Shareholder tax charge/(credit) at corporate tax rate of 25% (2023: 23.5%)    | <b>134.0</b>                      | <b>25%</b>    | (1.1)                             | 23.5%    |
| <b>Adjustments:</b>                                                           |                                   |               |                                   |          |
| Lower rates of corporation tax in overseas subsidiaries                       | <b>(1.2)</b>                      | <b>(0.2%)</b> | (1.8)                             | 39.4%    |
| <b>Expected shareholder tax</b>                                               | <b>132.8</b>                      | <b>24.8%</b>  | (2.9)                             | 62.9%    |
| <b>Effects of:</b>                                                            |                                   |               |                                   |          |
| Non-taxable income                                                            | <b>(0.4)</b>                      |               | (2.5)                             |          |
| Adjustment in respect of prior year                                           |                                   |               |                                   |          |
| – Current tax                                                                 | <b>(0.8)</b>                      |               | 1.0                               |          |
| – Deferred tax                                                                | <b>(3.1)</b>                      |               | (0.2)                             |          |
| Differences in accounting and tax bases in relation to employee share schemes | <b>(3.1)</b>                      |               | 0.3                               |          |
| Impact of difference in tax rates between current and deferred tax            | –                                 |               | (2.3)                             |          |
| Disallowable expenses                                                         | <b>6.1</b>                        |               | 4.3                               |          |
| Change in accounting base – Hong Kong                                         | <b>4.2</b>                        |               | –                                 |          |
| Provision for future liabilities                                              | <b>(0.6)</b>                      |               | 5.1                               |          |
| Tax losses not recognised                                                     | <b>2.4</b>                        |               | 1.9                               |          |
| Other                                                                         | –                                 |               | 0.7                               |          |
|                                                                               | <b>4.7</b>                        | <b>0.9%</b>   | 8.3                               | (182.9%) |
| <b>Shareholder tax charge</b>                                                 | <b>137.5</b>                      | <b>25.7%</b>  | 5.4                               | (120.0%) |
| <b>Policyholder tax charge</b>                                                | <b>513.2</b>                      |               | 444.1                             |          |
| <b>Total tax charge for the year</b>                                          | <b>650.7</b>                      |               | 449.5                             |          |

Tax calculated on profit before tax at 25.0% (2023: 23.5%) would amount to a charge of £262.3 million (2023: charge of £103.3 million). The difference of £388.4 million (2023: £346.2 million) between this number and the total tax charge of £650.7 million (2023: £449.5 million credit) is made up of the reconciling items above which total a charge of £3.5 million (2023: £6.5 million charge) and the effect of the apportionment methodology on tax applicable to policyholder returns of £384.9 million (2023: £339.7 million).

## Tax paid in the year

|                                                                                             | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|---------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                                             | £'Million                         | £'Million                         |
| Current tax charge for the year                                                             | 349.3                             | 225.3                             |
| (Payments to be made)/refunds due to be received in future years in respect of current year | (22.9)                            | 1.7                               |
| Payments made/(refunds received) in current year in respect of prior years                  | 0.6                               | (39.7)                            |
| Other                                                                                       | (0.9)                             | (7.9)                             |
| <b>Tax paid</b>                                                                             | <b>326.1</b>                      | <b>179.4</b>                      |
| Tax paid can be analysed as:                                                                |                                   |                                   |
| – Taxes paid in UK                                                                          | 252.4                             | 156.4                             |
| – Taxes paid in overseas jurisdictions                                                      | 5.9                               | 6.2                               |
| – Withholding taxes suffered on investment income received                                  | 67.8                              | 16.8                              |
| <b>Total</b>                                                                                | <b>326.1</b>                      | <b>179.4</b>                      |

## Deferred tax balances

### Deferred tax assets

|                                   | (Charge)/credit to<br>the statement of<br>comprehensive income |                                    | Reanalysis<br>to deferred<br>tax<br>liabilities |                           | Expected<br>utilisation<br>period |                              |
|-----------------------------------|----------------------------------------------------------------|------------------------------------|-------------------------------------------------|---------------------------|-----------------------------------|------------------------------|
|                                   | As at<br>1 January<br>2024                                     | Utilised and<br>created in<br>year | Total<br>(charge)/<br>credit                    | Impact of<br>acquisitions | As at<br>31 December<br>2024      | As at<br>31 December<br>2024 |
|                                   | £ Million                                                      | £ Million                          | £ Million                                       | £ Million                 | £ Million                         |                              |
| Deferred acquisition costs (DAC)  | (18.6)                                                         | 0.1                                | 0.1                                             | –                         | 19.4                              | 0.9 <b>14 years</b>          |
| Deferred income (DIR)             | 35.1                                                           | (0.1)                              | (0.1)                                           | –                         | (33.3)                            | 1.7 <b>14 years</b>          |
| Fixed asset temporary differences | 1.3                                                            | –                                  | –                                               | –                         | (1.3)                             | – <b>6 years</b>             |
| Renewal income assets             | (19.9)                                                         | –                                  | –                                               | –                         | 19.9                              | – <b>20 years</b>            |
| Share-based payments              | 4.8                                                            | –                                  | –                                               | –                         | (4.8)                             | – <b>3 years</b>             |
| UK trading losses                 | 36.1                                                           | (36.1)                             | (36.1)                                          | –                         | –                                 | –                            |
| Other temporary differences       | (2.3)                                                          | –                                  | –                                               | –                         | 2.4                               | 0.1                          |
| <b>Total</b>                      | <b>36.5</b>                                                    | <b>(36.1)</b>                      | <b>(36.1)</b>                                   | <b>–</b>                  | <b>2.3</b>                        | <b>2.7</b>                   |

|                                   | Credit/(charge) to<br>the statement of<br>comprehensive<br>income |                                    |                              |                          |                                              | Expected<br>utilisation<br>period |                              |
|-----------------------------------|-------------------------------------------------------------------|------------------------------------|------------------------------|--------------------------|----------------------------------------------|-----------------------------------|------------------------------|
|                                   | As at 1 January<br>2023                                           | Utilised and<br>created in<br>year | Total<br>credit/<br>(charge) | Impact of<br>acquisition | Reanalysis<br>to deferred<br>tax liabilities | As at<br>31 December<br>2023      | As at<br>31 December<br>2023 |
|                                   | £ Million                                                         | £ Million                          | £ Million                    | £ Million                | £ Million                                    | £ Million                         |                              |
| Deferred acquisition costs (DAC)  | (20.4)                                                            | 1.8                                | 1.8                          | –                        | –                                            | (18.6)                            | <b>14 years</b>              |
| Deferred income (DIR)             | 37.7                                                              | (2.6)                              | (2.6)                        | –                        | –                                            | 35.1                              | <b>14 years</b>              |
| Fixed asset temporary differences | 3.9                                                               | (2.6)                              | (2.6)                        | –                        | –                                            | 1.3                               | <b>6 years</b>               |
| Renewal income assets             | (20.7)                                                            | 1.5                                | 1.5                          | (0.7)                    | –                                            | (19.9)                            | <b>20 years</b>              |
| Share-based payments              | 12.9                                                              | (8.1)                              | (8.1)                        | –                        | –                                            | 4.8                               | <b>3 years</b>               |
| UK trading losses                 | –                                                                 | 36.1                               | 36.1                         | –                        | –                                            | 36.1                              | <b>1 years</b>               |
| Other temporary differences       | (0.9)                                                             | (2.3)                              | (2.3)                        | 0.9                      | –                                            | (2.3)                             | –                            |
| <b>Total</b>                      | <b>12.5</b>                                                       | <b>23.8</b>                        | <b>23.8</b>                  | <b>0.2</b>               | <b>–</b>                                     | <b>36.5</b>                       |                              |

#### Deferred tax liabilities

|                                                                                     | Charge/(credit) to the statement of comprehensive income |                           |                       |                        |                                     | Expected utilisation period |                        |          |
|-------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------|-----------------------|------------------------|-------------------------------------|-----------------------------|------------------------|----------|
|                                                                                     | Utilised and created in year                             | Impact of tax rate change | Total charge/(credit) | Impact of acquisitions | Reanalysis from deferred tax assets | As at 31 December 2024      | As at 31 December 2024 |          |
| As at 1 January 2024                                                                | £ Million                                                | £ Million                 | £ Million             | £ Million              | £ Million                           | £ Million                   |                        |          |
| Deferred acquisition costs (DAC)                                                    | 12.3                                                     | (7.6)                     | –                     | (7.6)                  | –                                   | 19.4                        | 24.1                   | 14 years |
| Deferred income (DIR)                                                               | –                                                        | 3.2                       | –                     | 3.2                    | –                                   | (33.3)                      | (30.1)                 | 14 years |
| Purchased value of in-force business (PVIF)                                         | 2.0                                                      | (0.8)                     | –                     | (0.8)                  | –                                   | –                           | 1.2                    | 2 years  |
| Unrealised capital gains on life insurance (BLAGAB) assets backing unit liabilities | 423.4                                                    | 261.5                     | –                     | 261.5                  | –                                   | –                           | 684.9                  | 6 years  |
| Unrelieved expenses on life insurance business                                      | (26.2)                                                   | 8.9                       | –                     | 8.9                    | –                                   | –                           | (17.3)                 | 4 years  |
| Fixed asset temporary differences                                                   | –                                                        | 0.9                       | –                     | 0.9                    | –                                   | (1.3)                       | (0.4)                  | 6 years  |
| Renewal income assets                                                               | –                                                        | (2.5)                     | –                     | (2.5)                  | –                                   | 19.9                        | 17.4                   | 20 years |
| Share-based payments                                                                | –                                                        | (5.3)                     | –                     | (5.3)                  | –                                   | (4.8)                       | (10.1)                 | 3 years  |
| Transitional adjustment                                                             | –                                                        | 3.4                       | –                     | 3.4                    | –                                   | 1.6                         | 5.0                    | 4 years  |
| Other temporary differences                                                         | 0.2                                                      | 3.6                       | –                     | 3.6                    | 0.1                                 | 0.8                         | 4.7                    | –        |
| <b>Total</b>                                                                        | <b>411.7</b>                                             | <b>265.3</b>              | <b>–</b>              | <b>265.3</b>           | <b>0.1</b>                          | <b>2.3</b>                  | <b>679.4</b>           |          |

|                                                                                        | Charge/(credit) to the<br>statement<br>of Comprehensive Income |                                 |                              |                           |                                              |                              | Expected<br>utilisation<br>period |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------|------------------------------|---------------------------|----------------------------------------------|------------------------------|-----------------------------------|
|                                                                                        | Utilised<br>and<br>created                                     | Impact<br>of tax<br>rate change | Total<br>charge/<br>(credit) | Impact of<br>acquisitions | Reanalysis<br>from<br>deferred tax<br>assets | As at<br>31 December<br>2023 | As at<br>31 December<br>2023      |
| As at 1 January 2023                                                                   | £ Million                                                      | £ Million                       | £ Million                    | £ Million                 | £ Million                                    | £ Million                    |                                   |
| Capital losses<br>(available for future<br>relief)                                     | (2.1)                                                          | 2.1                             | –                            | 2.1                       | –                                            | –                            | –                                 |
| Deferred acquisition costs (DAC)                                                       | 20.2                                                           | (7.9)                           | –                            | (7.9)                     | –                                            | –                            | 12.3 14 years                     |
| Purchased value of in-<br>force business (PVIF)                                        | 2.8                                                            | (0.8)                           | –                            | (0.8)                     | –                                            | –                            | 2.0 2 years                       |
| Unrealised capital gains on life insurance<br>(BLAGAB) assets backing unit liabilities | 180.1                                                          | 243.3                           | –                            | 243.3                     | –                                            | –                            | 423.4 6 years                     |
| Unrelieved expenses on<br>life insurance business                                      | (37.5)                                                         | 11.3                            | –                            | 11.3                      | –                                            | –                            | (26.2) 5 years                    |
| Other temporary differences                                                            | (0.6)                                                          | 0.1                             | –                            | 0.1                       | 0.7                                          | –                            | 0.2 –                             |
| Total                                                                                  | 162.9                                                          | 248.1                           | –                            | 248.1                     | 0.7                                          | –                            | 411.7                             |

Appropriate investment income, gains or profits are expected to arise against which the tax assets can be utilised. Whilst the actual rates of utilisation will depend on business growth and external factors, particularly investment market conditions, they have been tested for sensitivity to experience and are resilient to a range of reasonably foreseeable scenarios.

At the reporting date there were unrecognised deferred tax assets of £19.4 million (2023: £17.3 million) in respect of £116.7 million (2023: £101.9 million) of losses in companies where appropriate profits are not considered probable in the forecast period. These losses primarily relate to the Group's Asia-based businesses and can be carried forward indefinitely.

### Future tax changes

There are no relevant enacted future tax changes.

### Changes in accounting base – Hong Kong

As of 1 July 2024, the Insurance Authority (IA) in Hong Kong has implemented the Risk-Based Capital (RBC) regime. The RBC regime introduces significant changes in the calculation of non-unit reserves and the Margin Over Current Estimate (MOCE) compared to the previous capital regime. As a result of aligning SJPIHK's taxable profit basis with the regulatory basis this gives rise in the year to a transitional tax liability, which under RBC rules will be run off through current tax over the next five years on a straight-line basis.

### Pillar Two – global minimum tax

With effect from 1 January 2024 the SJP Group is subject to the global minimum tax rules introduced by the Organisation for Economic Co-operation and Development (OECD) and adopted into local legislation of various territories in which the SJP Group operates; including the UK and Ireland. The Group is subject to a domestic top-up tax in relation to its operations in Ireland, where the statutory corporate tax rate is 12.5%. This increases the effective tax rate for the SJP profits arising in Ireland to 15% and an adjustment of £0.1 million additional Irish tax has been posted in this respect. A Pillar Two adjustment is not required in any other location in which SJP operates.

## 7. Other receivables

|                                                                              | 31 December<br>2024 | 31 December<br>2023 |
|------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                              | £'Million           | £'Million           |
| Receivables in relation to unit liabilities excluding policyholder interests | 656.4               | 956.0               |
| Other receivables in relation to life and unit trust business                | 55.9                | 151.9               |
| Operational readiness prepayment                                             | 256.3               | 283.5               |
| Advanced payments to Partners                                                | 137.4               | 127.4               |
| Other prepayments and accrued income                                         | 37.8                | 37.9                |
| Business loans to Partners                                                   | 557.3               | 408.0               |
| Renewal income assets                                                        | 121.0               | 138.3               |
| Miscellaneous                                                                | 45.3                | 44.3                |
| <b>Total other receivables on the Solvency II Net Assets Balance Sheet</b>   | <b>1,867.4</b>      | <b>2,147.3</b>      |
| Policyholder interests in other receivables                                  | 816.7               | 846.9               |
| Other                                                                        | 3.3                 | 3.2                 |
| <b>Total other receivables</b>                                               | <b>2,687.4</b>      | <b>2,997.4</b>      |
| Current                                                                      | 1,781.3             | 2,243.8             |
| Non-current                                                                  | 906.1               | 753.6               |
|                                                                              | <b>2,687.4</b>      | <b>2,997.4</b>      |

All items within other receivables meet the definition of financial assets with the exception of prepayments and advanced payments to Partners. The fair value of those financial assets held at amortised cost is not materially different from amortised cost.

Receivables in relation to unit liabilities relate to outstanding market trade settlements (sales) in the life unit-linked funds and the consolidated unit trusts. Other receivables in relation to insurance and unit trust business primarily relate to outstanding policy-related settlement timings. Both of these categories of receivables are short-term.

The operational readiness prepayment consists of directly invoiced operational readiness costs advanced and relates to the Bluedoor administration platform which has been developed by our key outsourced back-office administration provider. Management has assessed the recoverability of this prepayment against the expected cost saving benefit of lower future tariff costs arising from the platform. It is believed that no reasonably possible change in the assumptions applied within this assessment, notably levels of future business, the anticipated future service tariffs and the discount rate, would have an impact on the carrying value of the asset.

Renewal income assets represent the present value of future cash flows associated with business combinations or books of business acquired by the Group.

### Business loans to Partners

|                                                         | 31 December<br>2024 | 31 December<br>2023 |
|---------------------------------------------------------|---------------------|---------------------|
|                                                         | £'Million           | £'Million           |
| Business loans to Partners directly funded by the Group | 386.6               | 340.8               |
| Securitised business loans to Partners                  | 170.7               | 67.2                |
| <b>Total business loans to Partners</b>                 | <b>557.3</b>        | <b>408.0</b>        |

Business loans to Partners are interest-bearing (linked to Bank of England base rate plus a margin), repayable in line with the terms of the loan contract and secured against the future income streams of the respective Partners.

## Reconciliation of the business loans to Partners' opening and closing gross loan balances

|                                                    | Stage 1<br>performing | Stage 2<br>under-<br>performing | Stage 3<br>non-<br>performing | Total        |
|----------------------------------------------------|-----------------------|---------------------------------|-------------------------------|--------------|
|                                                    | £'Million             | £'Million                       | £'Million                     | £'Million    |
| Gross balance at 1 January 2024                    | 359.7                 | 44.6                            | 8.5                           | 412.8        |
| Business loans to Partners classification changes: |                       |                                 |                               |              |
| – Transfer to underperforming                      | (19.0)                | 19.0                            | –                             | –            |
| – Transfer to non-performing                       | (21.0)                | (2.5)                           | 23.5                          | –            |
| – Transfer to performing                           | 16.5                  | (16.4)                          | (0.1)                         | –            |
| New lending activity during the year               | 215.0                 | 7.8                             | 2.6                           | 225.4        |
| Interest charged during the year                   | 37.4                  | 3.6                             | 2.0                           | 43.0         |
| Repayment activity during the year                 | (104.4)               | (7.6)                           | (3.4)                         | (115.4)      |
| <b>Gross balance at 31 December 2024</b>           | <b>484.2</b>          | <b>48.5</b>                     | <b>33.1</b>                   | <b>565.8</b> |

|                                                    | Stage 1<br>performing | Stage 2<br>under-<br>performing | Stage 3<br>non-<br>performing | Total     |
|----------------------------------------------------|-----------------------|---------------------------------|-------------------------------|-----------|
|                                                    | £'Million             | £'Million                       | £'Million                     | £'Million |
| Gross balance at 1 January 2023                    | 297.1                 | 17.7                            | 4.6                           | 319.4     |
| Business loans to Partners classification changes: |                       |                                 |                               |           |
| – Transfer to underperforming                      | (11.9)                | 11.9                            | –                             | –         |
| – Transfer to non-performing                       | (3.2)                 | (0.2)                           | 3.4                           | –         |
| – Transfer to performing                           | 4.2                   | (3.5)                           | (0.7)                         | –         |
| New lending activity during the year               | 195.0                 | 16.9                            | 0.7                           | 212.6     |
| Interest charged during the year                   | 26.2                  | 3.1                             | 0.8                           | 30.1      |
| Repayment activity during the year                 | (147.7)               | (1.3)                           | (0.3)                         | (149.3)   |
| Gross balance at 31 December 2023                  | 359.7                 | 44.6                            | 8.5                           | 412.8     |

### Business loans to Partners: provision

The expected loss impairment model for business loans to Partners is based on the levels of loss experienced in the portfolio, with due consideration given to forward-looking information. For those business loans to Partners sold to a third-party in 2022, full credit risk was transferred.

The provision held against business loans to Partners as at 31 December 2024 was £8.5 million (2023: £4.8 million). During the year, £1.1 million of the provision was released (2023: £0.2 million), £3.1 million was utilised (2023: £3.4 million) and new provisions and adjustments to existing provisions increased the total by £7.9 million (2023: £4.6 million).

There is no provision held against any other receivables held at amortised cost.

## Business loans to Partners as recognised on the statement of financial position

|                                       | 31 December<br>2024 | 31 December<br>2023 |
|---------------------------------------|---------------------|---------------------|
|                                       | £'Million           | £'Million           |
| Gross business loans to Partners      | 565.8               | 412.8               |
| Provision                             | (8.5)               | (4.8)               |
| <b>Net business loans to Partners</b> | <b>557.3</b>        | <b>408.0</b>        |

## Renewal income assets

### Movement in renewal income assets

|                               | 2024         | 2023         |
|-------------------------------|--------------|--------------|
|                               | £'Million    | £'Million    |
| Balance at 1 January          | 138.3        | 115.5        |
| Additions                     | 4.8          | 32.0         |
| Disposals                     | (0.7)        | (2.1)        |
| Revaluation                   | (21.4)       | (7.1)        |
| <b>Balance at 31 December</b> | <b>121.0</b> | <b>138.3</b> |

The key assumptions used for the assessment of the fair value of the renewal income are as follows:

|                                                      | 31 December<br>2024 | 31 December<br>2023 |
|------------------------------------------------------|---------------------|---------------------|
| Lapse rate – SJP Partner renewal income <sup>1</sup> | 5.0% to 15.0%       | 5.0% to 15.0%       |
| Lapse rate – non-SJP renewal income <sup>1</sup>     | 6.5% to 25.0%       | 6.5% to 25.0%       |
| Discount rate                                        | 15.8%               | 11.8%               |

<sup>1</sup> Future income streams are projected making use of retention assumptions derived from the Group's experience of the business or, where insufficient data exists, from external industry experience. These assumptions are reviewed on an annual basis.

These assumptions have been used for the analysis of each business combination classified within renewal income.

## 8. Other payables

|                                                                           | 31 December<br>2024 | 31 December<br>2023 |
|---------------------------------------------------------------------------|---------------------|---------------------|
|                                                                           | £'Million           | £'Million           |
| Payables in relation to unit liabilities excluding policyholder interests | 216.7               | 437.1               |
| Other payables in relation to life and unit trust business                | 590.4               | 738.6               |
| Accrual for ongoing advice fees                                           | 168.9               | 150.0               |
| Other accruals                                                            | 138.5               | 101.1               |
| Contract payment                                                          | 72.2                | 84.2                |
| Lease liabilities: properties                                             | 107.2               | 120.5               |
| Other payables in relation to Partner payments                            | 88.9                | 75.1                |
| Miscellaneous                                                             | 62.6                | 50.4                |
| <b>Total other payables on the Solvency II Net Assets Balance Sheet</b>   | <b>1,445.4</b>      | <b>1,757.0</b>      |
| Policyholder interests in other payables                                  | 692.7               | 613.3               |
| Other (see adjustment 2 on page 25)                                       | 6.2                 | 17.8                |
| <b>Total other payables</b>                                               | <b>2,144.3</b>      | <b>2,388.1</b>      |
| Current                                                                   | 1,992.5             | 2,212.9             |
| Non-current                                                               | 151.8               | 175.2               |
|                                                                           | <b>2,144.3</b>      | <b>2,388.1</b>      |

Payables in relation to unit liabilities relate to outstanding market trade settlements (purchases) in the life unit-linked funds and the consolidated unit trusts. Other payables in relation to insurance and unit trust business primarily relate to outstanding policy-related settlement timings. Both of these categories of payables are short-term.

The contract payment of £72.2 million (2023: £84.2 million) represents payments made by a third-party service provider to the Group as part of a service agreement, which are non-interest-bearing and repayable over the life of the service agreement. The contract payment received prior to 2020 is repayable on a straight-line basis over the original 12-year term, with repayments commencing on 1 January 2017. The contract payment received in 2020 is repayable on a straight-line basis over 13 years and 4 months, with repayments commencing on 1 September 2020.

The lease liabilities: properties line item represents the present value of future cash flows associated with the Group's portfolio of property leases.

The fair value of financial instruments held at amortised cost within other payables is not materially different from amortised cost.

Policyholder interests in other payables are short-term in nature and can vary significantly from period to period due to prevailing market conditions and underlying trading activity.

## 9. Other provisions and contingent liabilities

|                            | Complaints provision | Ongoing Service Evidence provision | Lease provision | Clawback provision | Total provisions |
|----------------------------|----------------------|------------------------------------|-----------------|--------------------|------------------|
|                            | £'Million            | £'Million                          | £'Million       | £'Million          | £'Million        |
| At 1 January 2023          | 29.7                 | –                                  | 13.3            | 3.0                | 46.0             |
| Additional provisions      | 61.8                 | 426.0                              | 2.6             | 0.1                | 490.5            |
| Utilised during the year   | (21.0)               | –                                  | (0.8)           | –                  | (21.8)           |
| Release of provision       | (14.4)               | –                                  | (0.2)           | –                  | (14.6)           |
| <b>At 31 December 2023</b> | <b>56.1</b>          | <b>426.0</b>                       | <b>14.9</b>     | <b>3.1</b>         | <b>500.1</b>     |
| Additional provisions      | 21.8                 | –                                  | 0.3             | 0.3                | 22.4             |
| Utilised during the year   | (24.9)               | (18.5)                             | (0.1)           | –                  | (43.5)           |
| Impact of discounting      | –                    | 17.6                               | –               | –                  | 17.6             |
| Release of provision       | (35.3)               | –                                  | (1.0)           | –                  | (36.3)           |
| <b>At 31 December 2024</b> | <b>17.7</b>          | <b>425.1</b>                       | <b>14.1</b>     | <b>3.4</b>         | <b>460.3</b>     |

### Other provisions

#### Complaints provision

The provision represents the best estimate of the complaint redress, based on complaints identified, an assessment of the proportion redressed; and an estimated cost of redress based on historic experience. A reasonably possible change of 10% in the key assumption, being the proportion requiring redress, would result in an increase/decrease of circa £1.4 million to the total complaints provision.

#### Ongoing Service Evidence provision

During 2023 the Group experienced elevated levels of complaints in connection with the delivery of historic ongoing advice services.

Given the claims experience, a skilled person was engaged to undertake an initial assessment of a statistically credible representative cohort of clients to explore whether issues raised by the complaints were replicated across the wider client base. Following the assessment, the Group committed to review the sub-population of clients that has been charged for ongoing servicing since the start of 2018 but where the evidence of delivery falls below the acceptable standard. Where the standard of evidence is deemed by the Group to be marginal the Group will invite clients to join the review (the 'Opt-In population'), but where the standard of evidence is deemed to be poor the Group will include clients in the review unless instructed otherwise (the 'Opt-Out population').

The provision that has been recognised includes an estimated refund of charges, together with interest at FOS rates, plus the administration costs associated with completing this work. Allowance is also made for discounting over the expected duration of the exercise.

A provision of £426.0 million was recognised at 31 December 2023 with the best estimate assessment based on extrapolation of the experience of the statistically credible representative cohort of clients.

IAS 37 and IAS 1 requires the Group to set out sensitivities. In compliance with these requirements, the following table sets out the potential change to the provision balance at 31 December 2024 and 31 December 2023 if the key assumptions were to vary as described:

| Sensitivity analysis                                                       | Change in profit/(loss)<br>before tax |                       |                         |
|----------------------------------------------------------------------------|---------------------------------------|-----------------------|-------------------------|
|                                                                            | Change in<br>assumption               | Favourable<br>changes | Unfavourable<br>changes |
|                                                                            | Percentage                            | £'Million             | £'Million               |
| Extrapolation from a representative cohort                                 |                                       |                       |                         |
| - Variation in proportion of client population subject to the review       | 2%                                    | 22.0                  | (22.0)                  |
| Extrapolation from a representative cohort                                 |                                       |                       |                         |
| - Variation in the level of charges, subject to refund                     | 10%                                   | 31.0                  | (31.0)                  |
| Opt-In response rate                                                       |                                       |                       |                         |
| - Variation in response rate                                               | 10%                                   | 17.0                  | (17.0)                  |
| Administration costs                                                       |                                       |                       |                         |
| - Change in estimation of the cost to fulfil the exercise (cost per claim) | 10%                                   | 12.0                  | (12.0)                  |

It is estimated that significantly all the provision will be utilised over a one-to-two-year period from the reporting date.

### Lease provision

The lease provision represents the value of expected future costs of reinstating leased property to its original condition at the end of the lease term. The estimate is based on the square footage of leased properties and typical costs per square foot of restoring similar buildings to their original state. The Group expects £1.3 million (2023: £1.5 million) of the provision to be utilised within one year. The majority of the provision relates to leased property with a maturity date of greater than five years.

### Clawback provision

The clawback provision represents amounts due to third parties less amounts recovered from Partners. The provision is based on estimates of the indemnity commission that may be repaid. The Group expects to utilise the provision on a straight-line basis over four years.

With the exception of the Complaint and Ongoing Service Evidence provisions, it is considered that no reasonably possible level of changes in estimates would have a material impact on the value of the best estimate of the provisions.

### Contingent liabilities

#### Complaints and disputes

The Group is committed to achieving good client outcomes but does, in the normal course of business receive complaints and claims. Also, and as described in the strategic report, the FCA continues to reinforce the need for firms to embed the Consumer Duty regulation and there remains a risk that we fail to provide quality suitable advice to clients, or that we fail to evidence the provision of good quality service and advice, which could result in regulatory sanction and/or a need to refund or compensate clients.

The costs, including legal costs, of these issues as they arise can be significant and where appropriate, provisions have been established in accordance with IAS 37.

### Guarantees

During the normal course of business, the Group may from time to time provide guarantees to Partners, clients or other third parties. However, based upon the information currently available to them, the Directors do not believe there are any guarantees which would have a material adverse effect on the Group's financial position, and so the fair value of any guarantees has been assessed as £nil (2023: £nil).

## 10. Borrowings and financial commitments

### Borrowings

Borrowings are a liability arising from financing activities. The Group has two different types of borrowings:

- senior unsecured corporate borrowings which are used to manage working capital, bridge intra-Group cash flows and fund investment in the business.
- securitisation loan notes which are secured only on a legally segregated pool of the Group's business loans to Partners, and hence are non-recourse to the Group's other assets. Further information about business loans to Partners is provided in Note 7.

#### Senior unsecured corporate borrowings

|                                              | 31 December<br>2024 | 31 December<br>2023 |
|----------------------------------------------|---------------------|---------------------|
|                                              | £'Million           | £'Million           |
| Corporate borrowings: bank loans             | 250.0               | 50.0                |
| Corporate borrowings: loan notes             | 138.3               | 151.1               |
| <b>Senior unsecured corporate borrowings</b> | <b>388.3</b>        | <b>201.1</b>        |

The primary senior unsecured corporate borrowings are:

- An undrawn revolving credit facility (RCF) of £345.0 million which is repayable at maturity in 2028 with variable interest rates. At 31 December 2024 the undrawn credit available under this facility was £345.0 million (2023: £295.0 million).
- A fully drawn £250.0 million bridging facility, which is repayable at maturity in 2026 or sooner at the discretion of the Company with due notice, with variable interest rates.
- A Note Purchase Agreement for £38.3 million. The notes are repayable in three equal instalments before maturity in 2027, with variable interest rates.
- A Note Purchase Agreement for £100.0 million. The notes are repayable at maturity in 2031, with variable interest rates.

On 13 February 2025 the Group made an irrevocable commitment to repay all of the fully drawn £250.0 million bridging loan. The repayment is due on 27 February 2025.

The combined drawn carrying value of the senior unsecured corporate borrowings as at 31 December 2024 is £388.3 million (2023: £201.1 million). The Group is required to comply with financial covenants that are linked to (i) balance sheet leverage, (ii) total FUM, (iii) a minimum level of net assets; and (iv) our Solvency II ratio at the end of each annual and interim reporting period. The Group has complied with these covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants when they will be next tested at 30 June 2025.

**Total borrowings**

|                                                          | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|----------------------------------------------------------|-----------------------------|---------------------|
|                                                          | <b>£'Million</b>            | £'Million           |
| Senior unsecured corporate borrowings                    | <b>388.3</b>                | 201.1               |
| Senior tranche of non-recourse securitisation loan notes | <b>128.5</b>                | 50.3                |
| <b>Total borrowings</b>                                  | <b>516.8</b>                | 251.4               |
| Current                                                  | <b>41.3</b>                 | 62.0                |
| Non-current                                              | <b>475.5</b>                | 189.4               |
|                                                          | <b>516.8</b>                | 251.4               |

The senior tranche of securitisation loan notes are repayable over the expected life of the securitisation (estimated to be five years) with a variable interest rate. They are held by third-party investors and secured on a legally segregated portfolio of business loans to Partners, and on the other net assets of the securitisation entity SJP Partner Loans No.1 Limited. Holders of the securitisation loan notes have no recourse to the assets held by any other entity within the Group. For further information on business loans to Partners, including the sale of securitised business loans to Partners during the year, refer to Note 7.

In addition to the senior tranche of securitisation loan notes, a junior tranche has been issued to another entity within the Group. The junior notes were eliminated on consolidation in the preparation of the Group financial statements and so do not form part of Group borrowings.

|                                                                | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|----------------------------------------------------------------|-----------------------------|---------------------|
|                                                                | <b>£'Million</b>            | £'Million           |
| Junior tranche of non-recourse securitisation loan notes       | <b>48.2</b>                 | 20.9                |
| Senior tranche of non-recourse securitisation loan notes       | <b>128.5</b>                | 50.3                |
| <b>Total non-recourse securitisation loan notes</b>            | <b>176.7</b>                | 71.2                |
| <b>Backed by</b>                                               |                             |                     |
| Securitised business loans to Partners (see Note 7)            | <b>170.7</b>                | 67.2                |
| Other net assets of SJP Partner Loans No.1 Limited             | <b>6.0</b>                  | 4.0                 |
| <b>Total net assets held by SJP Partner Loans No.1 Limited</b> | <b>176.7</b>                | 71.2                |

## Movement in borrowings

Borrowings are liabilities arising from financing activities. The cash and non-cash movements in borrowings over the year are set out below, with the cash movements also set out in the consolidated statement of cash flows.

|                                                                  | Senior<br>unsecured<br>corporate<br>borrowings | Senior<br>tranche of<br>securitisation<br>loan notes | Total<br>borrowings | Senior<br>unsecured<br>corporate<br>borrowings | Senior<br>tranche of<br>securitisation<br>loan notes | Total<br>borrowings |
|------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------|---------------------|------------------------------------------------|------------------------------------------------------|---------------------|
|                                                                  | 2024                                           | 2024                                                 | 2024                | 2023                                           | 2023                                                 | 2023                |
|                                                                  | £'Million                                      | £'Million                                            | £'Million           | £'Million                                      | £'Million                                            | £'Million           |
| Balance at 1 January                                             | 201.1                                          | 50.3                                                 | 251.4               | 163.8                                          | –                                                    | 163.8               |
| Additional borrowing during the year                             | 360.0                                          | 113.8                                                | 473.8               | 175.0                                          | 58.1                                                 | 233.1               |
| Repayment of borrowings during the year                          | (172.8)                                        | (35.3)                                               | (208.1)             | (137.7)                                        | (7.1)                                                | (144.8)             |
| Costs on additional borrowings during the year                   | (0.7)                                          | (1.0)                                                | (1.7)               | –                                              | –                                                    | –                   |
| Unwind of borrowing costs (non-cash movement)                    | 0.9                                            | 0.7                                                  | 1.6                 | –                                              | –                                                    | –                   |
| Reclassification of prepaid loan facility expense to prepayments | (0.2)                                          | –                                                    | (0.2)               | –                                              | (0.7)                                                | (0.7)               |
| <b>Balance at 31 December</b>                                    | <b>388.3</b>                                   | <b>128.5</b>                                         | <b>516.8</b>        | 201.1                                          | 50.3                                                 | 251.4               |

The fair value of the outstanding borrowings is not materially different from amortised cost. Interest expense on borrowings is recognised within Finance costs in the consolidated statement of comprehensive income.

## Financial commitments

### Guarantees

The Group guarantees loans provided by third parties to Partners. In the event of default on any individual Partner loan, the Group guarantees to repay the full amount of the loan, with the exception of Metro Bank. For this third-party the Group guarantees to cover losses up to 50% of the value to the total loans drawn. These loans are secured against the future income streams of the Partner. The value of the loans guaranteed is as follows:

|                    | Loans guaranteed    |                     | Facility            |                     |
|--------------------|---------------------|---------------------|---------------------|---------------------|
|                    | 31 December<br>2024 | 31 December<br>2023 | 31 December<br>2024 | 31 December<br>2023 |
|                    | £'Million           | £'Million           | £'Million           | £'Million           |
| Bank of Scotland   | 12.3                | 19.6                | 16.0                | 35.0                |
| Investec           | 26.5                | 33.3                | 50.0                | 50.0                |
| Metro Bank         | 10.6                | 17.6                | 35.0                | 50.0                |
| NatWest            | 27.5                | 32.2                | 75.0                | 75.0                |
| Santander          | 171.4               | 186.5               | 206.6               | 189.1               |
| <b>Total loans</b> | <b>248.3</b>        | 289.2               | <b>382.6</b>        | 399.1               |

The fair value of these guarantees has been assessed as £nil (2023: £nil).

## 11. Cash generated from operations

|                                                                     | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 <sup>1</sup> |
|---------------------------------------------------------------------|-----------------------------------|------------------------------------------------|
|                                                                     | £'Million                         | £'Million                                      |
| <b>Cash flows from operating activities</b>                         |                                   |                                                |
| Profit before tax for the year                                      | 1,049.1                           | 439.6                                          |
| Adjustments for:                                                    |                                   |                                                |
| Amortisation of purchased value of in-force business                | 3.2                               | 3.2                                            |
| Amortisation of computer software                                   | 22.4                              | 15.4                                           |
| Depreciation                                                        | 23.4                              | 24.0                                           |
| Impairment of goodwill                                              | 10.3                              | –                                              |
| Loss on disposal of computer software                               | –                                 | 0.8                                            |
| Loss on disposal of property and equipment, including leased assets | 4.1                               | 2.3                                            |
| Gain on disposal of subsidiary                                      | –                                 | (1.2)                                          |
| Share-based payment charge                                          | 11.2                              | 4.9                                            |
| Interest income <sup>1</sup>                                        | (236.6)                           | (168.6)                                        |
| Interest expense                                                    | 36.4                              | 17.3                                           |
| (Decrease)/increase in provisions                                   | (39.8)                            | 454.1                                          |
| Exchange rate (gains)/losses                                        | (0.2)                             | 2.3                                            |
|                                                                     | (165.6)                           | 354.5                                          |
| <b>Changes in operating assets and liabilities</b>                  |                                   |                                                |
| Decrease in deferred acquisition costs                              | 18.2                              | 32.2                                           |
| Decrease in investment property                                     | 218.0                             | 184.2                                          |
| Increase in other investments                                       | (23,738.7)                        | (21,077.2)                                     |
| Increase in investments in associates                               | (3.5)                             | –                                              |
| (Increase)/decrease in reinsurance assets                           | (1.9)                             | 41.6                                           |
| Decrease/(increase) in other receivables                            | 310.3                             | (14.2)                                         |
| Increase in insurance contract liabilities                          | 22.6                              | 25.5                                           |
| Increase in financial liabilities (excluding borrowings)            | 17,868.1                          | 15,991.8                                       |
| Decrease in deferred income                                         | (22.0)                            | (38.9)                                         |
| (Decrease)/increase in other payables                               | (246.1)                           | 206.2                                          |
| Increase in net assets attributable to unit holders                 | 4,163.0                           | 3,908.1                                        |
|                                                                     | (1,412.0)                         | (740.7)                                        |
| <b>Cash (used in)/generated from operations</b>                     | <b>(528.5)</b>                    | <b>53.4</b>                                    |

<sup>1</sup> Restated to reclassify £60.6 million money market fund interest from interest income to interest received, which had been misclassified

## 12. Share capital, earnings per share and dividends

### Share capital

|                                                | Number of<br>ordinary<br>shares | Called-up<br>share<br>capital<br><br>£'Million |
|------------------------------------------------|---------------------------------|------------------------------------------------|
| At 1 January 2023                              | 544,235,757                     | 81.6                                           |
| – Issue of shares                              | –                               | –                                              |
| – Exercise of options                          | 4,369,037                       | 0.7                                            |
| <b>At 31 December 2023</b>                     | <b>548,604,794</b>              | <b>82.3</b>                                    |
| – Issue of shares                              | –                               | –                                              |
| – Exercise of options                          | –                               | –                                              |
| – Shares repurchased in the buy-back programme | (4,590,083)                     | (0.7)                                          |
| <b>At 31 December 2024</b>                     | <b>544,014,711</b>              | <b>81.6</b>                                    |

Ordinary shares have a par value of 15 pence per share (2023: 15 pence per share) and are fully paid.

Included in the called-up share capital are 4,876,364 (2023: 3,411,743) shares held in the Shares in trust reserve with a nominal value of £0.7 million (2023: £0.5 million). The shares are held by the SJP Employee Benefit Trust and the St. James's Place 2010 Share Incentive Plan Trust to satisfy certain share-based payment schemes. The Trustees of the SJP Employee Benefit Trust retain the right to dividends on the shares held by the Trust but have chosen to waive their entitlement to the dividends on 2,135,521 shares at 31 December 2024 and 1,896,985 shares at 31 December 2023. The trustees of St. James's Place 2010 Share Incentive Plan Trust retain the right to dividends on forfeited shares held by the Trust but have chosen to waive their entitlement to the dividend on 1,034 shares at 31 December 2024 (2023: 556).

Share capital increases are included within the exercise of options line of the table above where they relate to the Group's share-based payment schemes. Other share capital increases are included within the issue of shares line.

During the year, the Company repurchased and cancelled 4,590,083 shares (2023: nil) for a total consideration of £32.9 million (2023: £nil) and incurred transaction costs of £0.2 million (2023: £nil). The cancelled shares, which had a nominal value of £0.7 million (2023: £nil), have been reflected as a decrease in share capital with a corresponding increase in the capital redemption reserve as required by the Companies Act 2006.

## Earnings per share

|                                                                                              | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|----------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                                              | £'Million                         | £'Million                         |
| <b>Earnings</b>                                                                              |                                   |                                   |
| Profit/(loss) after tax attributable to equity shareholders (for both basic and diluted EPS) | 398.4                             | (10.1)                            |
|                                                                                              | Million                           | Million                           |
| <b>Weighted average number of shares</b>                                                     |                                   |                                   |
| Weighted average number of ordinary shares in issue (for basic EPS)                          | 545.4                             | 547.6                             |
| Adjustments for outstanding share options                                                    | 3.6                               | 8.8                               |
| <b>Weighted average number of ordinary shares (for diluted EPS)</b>                          | <b>549.0</b>                      | <b>556.4</b>                      |
|                                                                                              | Pence                             | Pence                             |
| <b>Earnings per share (EPS)</b>                                                              |                                   |                                   |
| Basic earnings per share                                                                     | 73.0                              | (1.8)                             |
| Diluted earnings per share                                                                   | 72.6                              | (1.8)                             |

## Dividends

The following dividends have been paid by the Group:

|                                     | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 | Year ended<br>31 December<br>2024 | Year ended<br>31 December<br>2023 |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                     | Pence per<br>share                | Pence per<br>share                | £'Million                         | £'Million                         |
| Final dividend in respect of 2022   | –                                 | 37.19                             | –                                 | 203.1                             |
| Interim dividend in respect of 2023 | –                                 | 15.83                             | –                                 | 86.5                              |
| Final dividend in respect of 2023   | 8.00                              | –                                 | 43.8                              | –                                 |
| Interim dividend in respect of 2024 | 6.00                              | –                                 | 32.8                              | –                                 |
| <b>Total dividends</b>              | <b>14.00</b>                      | <b>53.02</b>                      | <b>76.6</b>                       | <b>289.6</b>                      |

In respect of 2024 the Directors have recommended a 2024 final dividend of 12.00 pence per share. This amounts to £65.3 million based on the number of shares in issue on 31 December 2024 and will, subject to shareholder approval at the Annual General Meeting, be paid on 23 May 2025 to those shareholders on the register as at 11 April 2025.

In addition, under the authority granted by shareholders at the 2024 Annual General Meeting, the Directors have resolved to undertake a final share buy-back programme in respect to 2024, committing to purchase shares up to a maximum value of £92.6 million. The share buy-back will commence on 28 February 2025. This is in addition to the interim share buy-back in respect to 2024 of £32.9 million, which is referred to above.

## 13. Related party transactions

### Transactions with associates and non-wholly owned subsidiaries

#### Associates

Outstanding at the year-end were business loans of £11.9 million (2023: £2.9 million) to associates of the Group. During the year £8.9 million (2023: £1.6 million) was advanced and £4.3 million (2023: £1.8 million) was repaid. Business loans to associates are interest-bearing (linked to the Bank of England base rate plus a margin) and repayable in line with the terms of the loan contract. Interest of £0.6 million was received during 2024 (2023: £nil).

In addition, commission, advice fees and other payments of £10.0 million were paid (2023: £2.3 million paid), under normal commercial terms, to associates of the Group. The outstanding amount at 31 December 2024 was £0.7 million payable (2023: £0.5 million payable).

#### Non-wholly owned subsidiaries

Commission, advice fees and other payments of £4.3 million were paid (2023: £3.8 million paid), under normal commercial terms, to non-wholly-owned Group companies. The outstanding amount at 31 December 2024 was £0.5 million payable (2023: £0.6 million payable).

### Transactions with key management personnel

Key management personnel have been defined as the Board of Directors and members of the Group Executive Committee. The remuneration paid to the Board of Directors of St. James's Place plc is set out in the Directors' remuneration report, in addition to the disclosure below.

The Directors' remuneration report also sets out transactions with the Directors under the Group's share-based payment schemes, together with details of the Directors' interests in the share capital of the Company.

Compensation of key management personnel is as follows:

|                              | <b>Year ended<br/>31 December<br/>2024</b> | Year ended<br>31 December<br>2023 |
|------------------------------|--------------------------------------------|-----------------------------------|
|                              | <b>£'Million</b>                           | £'Million                         |
| Short-term employee benefits | <b>10.2</b>                                | 5.0                               |
| Post-employment benefits     | <b>0.6</b>                                 | 0.5                               |
| Share-based payments         | <b>(0.7)</b>                               | 0.2                               |
| <b>Total</b>                 | <b>10.1</b>                                | 5.7                               |

The total value of Group FUM held by related parties of the Group as at 31 December 2024 was £25.2 million (2023: £17.9 million). The total value of St. James's Place plc dividends paid to related parties of the Group during the year was £0.2 million (2023: £1.0 million).

During 2022 the Group acquired Edwards Wealth Ltd, under normal commercial terms, from key management personnel and their connected parties. As at 31 December 2024 there was deferred contingent consideration outstanding of £nil (2023: £nil), with £nil deferred contingent consideration paid during the year (2023: £3.2 million).

Commission, advice fees and other payments of £1.3 million (2023: £1.3 million) were paid, under normal commercial terms, to St. James's Place advisers who were related parties by virtue of being connected persons with key management personnel. The outstanding amount payable at 31 December 2024 was £0.1 million (2023: £nil).

Outstanding at the year-end were Partner loans of £nil (2023: £nil) due from St. James's Place advisers who were related parties by virtue of being connected persons with key management personnel. The Group either advanced, or guaranteed, these loans. During the year £nil (2023: £nil) was advanced and £nil (2023: £0.1 million) was repaid by advisers who were related parties.

## **14. Events after the end of the reporting period**

On 13 February 2025 the Group made an irrevocable commitment to repay all of the fully drawn £250.0 million bridging loan. The repayment is due on 27 February 2025.

## **15. Non-statutory accounts**

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2024 or 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the registrar of companies, and those for 2024 will be delivered in due course. The auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 of the Companies Act 2006.

## **16. Annual Report**

The Company's Annual Report and Accounts for the year ended 31 December 2024 is expected to be posted to shareholders by early April. Copies of both this announcement and the Annual Report and Accounts 2024 will be available to the public through the Company's website at [www.sjp.co.uk](http://www.sjp.co.uk).

# Glossary of alternative performance measures

Within this document various alternative performance measures (APMs) are disclosed.

An APM is a measure of financial performance, financial position or cash flows which is not defined by the relevant financial reporting framework, which for the Group is International Financial Reporting Standards as adopted by the UK (adopted IFRSs). APMs are used to provide greater insight into the performance of the Group and the way it is managed by the Directors. The tables below define each APM, explain why it is used and, if applicable, detail where the APM has been reconciled to IFRS:

## Financial-position-related APMs

| APM                                        | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Why is this measure used?                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Reconciliation to the financial statements |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| <b>Solvency II net assets</b>              | <p>Based on IFRS Net Assets, but with the following adjustments:</p> <ol style="list-style-type: none"> <li>1. Reflection of the recognition requirements of the Solvency II regulations for assets and liabilities. In particular this removes deferred acquisition costs (DAC), deferred income (DIR), purchased value of in-force (PVIF) and their associated deferred tax balances, other intangibles and some other small items which are treated as inadmissible from a regulatory perspective; and</li> <li>2. Adjustment to remove the matching client assets and the liabilities as these do not represent shareholder assets.</li> </ol> <p>No adjustment is made to deferred tax, except for that arising on DAC, DIR and PVIF, as this is treated as an allowable asset in the Solvency II regulation.</p> <p>Solvency II net assets is not the same as Solvency II own funds as it excludes Solvency II value of in-force (VIF) and Risk margin.</p> | Our ability to satisfy our liabilities to clients, and consequently our solvency, is central to our business. By removing the liabilities which are fully matched by assets, this presentation allows the reader to focus on the business operation. It also provides a simpler comparison with other wealth management companies.                                                                                                                                                         | Refer to page 33.                          |
| <b>Total embedded value</b>                | <p>A discounted cash flow valuation methodology, assessing the long-term economic value of the business.</p> <p>Our embedded value is determined in line with the European Embedded Value (EEV) principles originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Life business and wealth management business differ from most other businesses, in that the expected shareholder income from the sale of a product emerges over a long period in the future. We therefore supplement the IFRS and Cash results by providing additional disclosure on an embedded value basis, which brings into account the net present value of expected future cash flows, as we believe that a measure of the total economic value of the Group is useful to investors. | Not applicable.                            |
| <b>EEV net asset value (NAV) per share</b> | EEV net asset value per share is calculated as the EEV net assets divided by the year-end number of ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Total embedded value provides a measure of total economic value of the Group, and assessing the EEV NAV per share allows analysis of the overall value of the Group by share.                                                                                                                                                                                                                                                                                                              | Not applicable.                            |

|                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                     |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>IFRS NAV per share</b>                                         | IFRS net asset value per share is calculated as the IFRS net assets divided by the year-end number of ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Total IFRS net assets provides a measure of value of the Group, and assessing the IFRS NAV per share allows analysis of the overall value of the Group by share.                                                                                                                                                                                                                                                                                                                                                                                                                            | Not applicable.                                                                                                     |
| <b>Cash result, and Underlying cash result</b>                    | <p>The Cash result is defined as the movement between the opening and closing Solvency II net assets adjusted as follows:</p> <ol style="list-style-type: none"> <li>1. The movement in deferred tax is excluded, except that in relation to the exceptional Ongoing Service Evidence provision;</li> <li>2. The movements in goodwill and other intangibles are excluded; and</li> <li>3. Other changes in equity, such as dividends paid in the year and equity-settled share option costs, are excluded.</li> </ol> <p>The Underlying cash result reflects the regular emergence of cash from the business, excluding any items of a one-off nature and temporary timing differences.</p> <p>The Cash result reflects all other cash items, including items of a one-off nature and temporary timing differences.</p> <p>Neither the Cash result nor the Underlying cash result should be confused with the IFRS consolidated statement of cash flows which is prepared in accordance with IAS 7.</p> | <p>IFRS income statement methodology recognises non-cash items such as deferred tax and equity-settled share options. By contrast, dividends can only be paid to shareholders from appropriately fungible assets. The Board therefore uses the Cash results to monitor the level of cash generated by the business.</p> <p>While the Cash result gives an absolute measure of the cash generated in the year, the Underlying cash result is particularly useful for monitoring the expected long-term rate of cash emergence, which supports dividends and sustainable dividend growth.</p> | Refer to sections 2.1 and 2.2 of the financial review and also see Note 3 to the consolidated financial statements. |
| <b>Underlying cash basic and diluted earnings per share (EPS)</b> | These EPS measures are calculated as Underlying cash divided by the number of shares used in the calculation of IFRS basic and diluted EPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | As Underlying cash is the best reflection of the cash generated by the business, Underlying cash EPS measures allow analysis of the shareholder cash generated by the business by share.                                                                                                                                                                                                                                                                                                                                                                                                    | Not applicable.                                                                                                     |
| <b>EEV profit</b>                                                 | Derived as the movement in the total EEV during the year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Both the IFRS and Cash results reflect only the cash flows in the year. However, our business is long-term, and activity in the year can generate business with a long-term value. We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology.                                                                                                                                                                                                                                                              | See Note 3 to the consolidated financial statements.                                                                |
| <b>EEV operating profit</b>                                       | <p>A discounted cash flow valuation methodology, assessing the long-term economic value of the business.</p> <p>Our embedded value is determined in line with the EEV principles originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Both the IFRS and Cash results reflect only the cash flows in the year. However, our business is long-term, and activity in the year can generate business with a long-term value. We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology.                                                                                                                                                                                                                                                              | See Note 3 to the consolidated financial statements.                                                                |

Solvency II.

The EEV operating profit reflects the total EEV result with an adjustment to strip out the impact of stock market and other economic effects during the year.

Within EEV operating profit is new business contribution, which is the change in embedded value arising from writing new business during the year.

Within the EEV, many of the future cash flows derive from fund charges, which change with movements in stock markets. Since the impact of these changes is typically unrelated to the performance of the business, we believe that the EEV operating profit (reflecting the EEV profit, adjusted to reflect only the expected investment performance and no change in economic basis) provides the most useful measure of embedded value performance in the year.

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                              |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <b>Policyholder and shareholder tax</b> | <p>Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders on the profits attributable to the shareholders. This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits.</p> <p>The remainder of the tax charge represents tax on policyholders' investment returns.</p> <p>This calculation method is consistent with UK legislation relating to the calculation of the tax on shareholders' profits.</p> | <p>The UK tax regime facilitates the collection of tax from life insurance policyholders by making an equivalent charge within the corporate tax of the Company. The total tax charge for the insurance companies therefore comprises both this element and an element more closely related to normal corporation tax.</p> <p>Life insurance business impacted by this tax typically includes policy charges which align with the tax liability, to mitigate the impact on the corporate entity. As a result, when policyholder tax increases, the charges also increase. Since these offsetting items can be large, and typically do not perform in line with the business, it is beneficial to be able to identify the two elements separately. We therefore refer to that part of the overall tax charge which is deemed attributable to policyholders as policyholder tax, and the rest as shareholder tax.</p> | Disclosed as separate line items in the statement of comprehensive income.                   |
| <b>Profit before shareholder tax</b>    | <p>A profit measure which reflects the IFRS result adjusted for policyholder tax, but before deduction of shareholder tax. Within the consolidated statement of comprehensive income the full title of this measure is 'profit before tax attributable to shareholders' returns'.</p>                                                                                                                                                                                                                                   | <p>The IFRS methodology requires that the tax recognised in the financial statements should include the tax incurred on behalf of policyholders in our UK life assurance company. Since the policyholder tax charge is unrelated to the performance of the business, we believe it is also useful to separately identify the profit before shareholder tax, which reflects the IFRS profit before tax, adjusted only for tax paid on behalf of policyholders.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Disclosed as a separate line item in the statement of comprehensive income.                  |
| <b>Controllable expenses</b>            | <p>The total of expenses which reflects establishment, development, and our Academy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>We are focused on managing long-term growth in controllable expenses.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Full details of the breakdown of expenses is provided in section 2.2 of the financial review |

# **Responsibility Statement of the Directors in respect of the Annual Financial Report**

The Directors confirm to the best of their knowledge that:

- The Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and give a true and fair view of the assets, liabilities, financial position and profit for the Company and the undertakings included in the consolidation as a whole; and
- Pursuant to Disclosure and Transparency Rules Chapter 4, the Directors' Report and Strategic Report of the Company's Annual Report and Accounts 2024 includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the business.

**On behalf of the Board**

**Mark FitzPatrick**  
**Chief Executive Officer**

**Caroline Waddington**  
**Chief Financial Officer**

**26 February 2025**

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.