XPS Group

Strong growth and broadening horizons

XPS Pensions Group plc
Annual Report and Accounts 2025

Spotlight on

Strategy in action

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Our strategic framework for growth

A forward-looking, ambitious business

XPS is a leading UK consulting and administration business specialising in the pensions sector and providing wider ranging support to insurance companies in the life and bulk annuities sector.

Our purpose

Why we exist

We exist to shape and support pension schemes and other institutions that provide long-term financial security to people, for the benefit of society, and at the same time achieve profitable growth.

Our vision

What we want to achieve

We will constantly challenge the status quo to drive better outcomes for members and policyholders, offering our people exciting and rewarding careers.

Our mission

What drives us

We strive to be leaders in consulting and administration with brilliant people and leading technology enabling pension schemes, insurers and other financial institutions to deliver better outcomes for their members and policyholders. Our ambition is to be the best employer in our market, recognising that our people are at the heart of what we do and are critical to our future success.

Our strategy

Our strategy is centred around four key pillars, while remaining focused on achieving profitable growth.

Read more on **pages 14 and 15**

Our strategic priorities

Our values

We are **ambitious**

We do the **right thing**

We are **agile**

We are **helpful**

We are **experts**

Our sustainability framework

Sustainability supports not only the delivery of our purpose, but also our mission and strategy at XPS. It enables us to be leaders in actuarial and investment consulting and pensions administration because we deliver better outcomes for all our stakeholders through sustainability action.

Our sustainability framework has the mission to "shape a better future". With clear ambitions for each of its priority areas, the framework supports our corporate priorities with the ultimate aim to ensure that sustainability is embedded in our business model, products and services.

Read more on **page 24**

Financial

Revenue excluding NPT[1]

+18%

FY 2025	**£231.8m**
FY 2024	£196.6m

Proposed full year dividend

+19%

FY 2025	**11.9p**
FY 2024	10.0p

Adjusted EBITDA excluding NPT[2]

+27%

FY 2025	**£69.7m**
FY 2024	£54.8m

Net debt/adjusted EBITDA excluding NPT[5]

+111%

FY 2025	**0.57x**
FY 2024	0.27x

Adjusted diluted earnings per share excluding NPT[3]

+35%

FY 2025	**20.6p**
FY 2024	15.1p

Profit before tax[6]

-35%

FY 2025	**£40.8m**
FY 2024	£62.5m

FTE employees[4]

+11%

FY 2025	**1,901**
FY 2024	1,712

Basic EPS[7]

-44%

FY 2025	**14.7p**
FY 2024	26.2p

1 FY 2024 Group revenue presented excluding £2.8 million of NPT revenue, as this business was disposed of in November 2024.

2 Adjusted EBITDA excludes the impact of exceptional and non-trading items (see note 5 in the financial statements). FY 2024 also excludes the results of the NPT business disposed of during FY 2024. FY 2024 adjusted EBITDA including the results of the NPT business was £55.3 million. See table 1 in the appendix to the Chief Financial Officer's review for more detail.

3 Adjusted diluted earnings per share is based on adjusted profit after tax, which excludes the impact of exceptional and non-trading items, and the tax impact of these items (see note 5 in the financial statements). In the prior year this also excludes the results of the NPT business disposed of during the year (see table 3 in the appendix to the Chief Financial Officer's review). FY 2024 adjusted diluted earnings per share including the NPT business was 15.3p.

4 As at year end.

5 Net debt to adjusted EBITDA excluding NPT has increased due to the acquisition of Polaris Actuaries and Consultants Ltd (Polaris) in February 2025.

6 Profit before tax in FY 2024 benefits from the gain on disposal of the NPT business. Excluding this, FY 2024 profit before tax would have been £30.0 million, giving a 37% increase year on year.

7 Basic EPS in FY 2024 benefits from the gain on sale of the NPT business. Excluding this gain, FY 2024 basic EPS would have been 10.5p, which means the growth for FY 2025 would be 40%.

Operational

£4.1bn

2024: £2.8bn

Value of liabilities over which we provided risk transfer advice

86

2024: 88

Number of schemes that we advise with over £1bn of assets

1.2m

2024: 1.1m

Members under administration

+24 eNPS

2024: +31 eNPS

High eNPS score for the second year in a row

£6.3m

2024: £5.5m

Continuing investment in software assets to drive operational efficiencies and improve customer experience

Sustainability

Senior management positions held by women

38%

FY 2025	**59**
FY 2024	45

Number of clients in Sustainable funds

40

FY 2025	**40**
FY 2024	36

Proportion of electricity that is renewable by kWh/square foot

69%

FY 2025	**82,957**
FY 2024	61,291

Our award-winning streak continues...

In February 2025, we were proud to win the Growth Business of the Year award at the plc awards. This accolade acknowledges companies that have enhanced their performance and long-term prospects through strategic, operational, and/or financial changes.

XPS was also awarded the Actuarial/Pensions Consultancy of the Year and Sponsor Covenant/ IRM Adviser of the Year at the UK Pensions Awards. Furthermore, our proprietary actuarial software "Radar" was again awarded Software of the Year by Actuarial Post.

More information on the five people awards won in 2025 – see **page 27**
More information on XPS technology – see **page 8**

Welcome to XPS Group

What we do

XPS Group is a leading UK consulting and administration business specialising in the pensions sector and providing wider ranging support to insurance companies in the life and bulk annuities sector. We have benefits of scale – we have a breadth of experience to draw on and can invest in solutions for the benefit of our clients – yet we remain agile, able to respond quickly as the world around our clients shifts.

Our services

1 Actuarial and Consulting

We help make sure there is enough money in schemes

Pensions

We provide pragmatic advice that addresses the specific and often complex challenges faced by UK pension schemes and their corporate sponsors.

xpsgroup.com/what-we-do/pensions-advisory/

Insurance

We provide consulting services that are strategically designed to help life and annuity insurance clients navigate market disruption and stay ahead of evolving regulations.

xpsgroup.com/what-we-do/insurance-consulting/

2 Investment consulting

We advise on where to invest the assets

Investment

We provide clear and independent investment advice which we help clients implement quickly and effectively.

xpsgroup.com/what-we-do/investment-consulting/

3 Administration

We keep all the records, communicate with members and pay the pensions

Administration

Our award-winning pensions administration service puts scheme members at the heart of everything we do.

xpsgroup.com/what-we-do/administration/

Self Invested Pensions

XPS Self Invested Pensions is an award-winning SIPP and SSAS pension provider, trustee and administrator, which has specialised in self invested pensions for more than 40 years.

xpsselfinvestedpensions.com

The foundations of a thriving business

15

UK locations

Our 15 locations give us access to employees, expertise and clients across the UK.

1,900+

Employees

Our 1,900+ employees with market-leading experience and knowledge and pride themselves on the highest delivery standards to solve our clients' needs.

1,300+

Clients

We build strong relationships with our clients, which lead to repeat business and opportunities to cross-sell.

Why invest in XPS Group?

Diversified and stable client base	We have long-standing relationships with a large and diverse client base, consisting of over 1,300 clients. We have a strong brand and have won multiple industry awards for our client service. Read more on **page 3**	**1,300+** **clients** Top ten clients represent 15% of revenue
Benefit from regulatory and market change	There are c.£1.5 trillion of liabilities of private UK defined benefit pension schemes and a rapidly growing defined contribution market. Regulatory developments are driving increased client activity and demand for our services. Read more on **pages 10 and 11**	**>£2.5bn** **size of annual fee market**
Track record of profitable revenue growth	XPS has delivered year on year profitable revenue growth, through a range of macroeconomic conditions, since listing on the London Stock Exchange. Read more on **pages 46 to 51**	**14%** **five-year revenue CAGR**
Trusted expertise and highly engaged colleagues	The outstanding expertise and client service focus of our colleagues are widely relied upon and highly valued by our clients. We have high client satisfaction scores and our people think XPS is a great place to work. Read more on **pages 26 to 29**	**89%** **of our people** think XPS is a great place to work
Non-cyclical and recurring revenues with inflation linkage	Our services are typically provided on the basis of an open-ended engagement with clients, and are compliance driven to a statutory timetable. They are, therefore, required in all parts of the economic cycle. We have a high degree of visibility of our revenue. Read more on **pages 10 and 11**	**c.90%** **repeat recurring revenue** across the business
Strong cash conversion and growing dividends	XPS has a robust balance sheet, consistently high cash conversion and a progressive dividend policy. Since listing in 2017, £113 million has been paid in dividends. Read more on **pages 46 to 51**	**96%** **operating cash flow conversion**
Opportunities for earnings enhancing M&A and scale up	We have a proven track record of successful earnings enhancing M&A which demonstrates our ability to execute deals that are aligned to our corporate strategy. Read more on **pages 12 and 13**	**7** **acquisitions** since listing in 2017

Delivering strong and stable growth

XPS Group's unique proposition is its ability to add value across its business. Our people, culture, technology and financial strength make this possible.

Our resources

Our people

Experts in their fields, our people drive the business. They're the innovators, the problem-solvers, the forward-thinkers, and that's why we invest in them.

Our culture

Values driven, employee centric, inclusive, friendly, meritocratic – our culture empowers our business.

Our technology

We invest in technology to deliver our services efficiently, and to bring clarity and understanding to the complex problems we help to solve.

Our financial strength

We are consistently profitable with the financial resources to invest in the development of services to anticipate client needs.

Our competitive advantage

Specialist insight and expertise: Our team of experts brings deep knowledge and experience to the table.

Exceptional quality service and tailored solutions: We pride ourselves on delivering a quality service.

Our culture: Our culture and values guide us in everything we do.

Diverse client base: XPS serves a diverse range of clients, including large corporate schemes, public sector funds, smaller pension arrangements and other financial institutions.

Strong brand: Our strong award-winning brand sets us apart from our competitors and communicates our values and brand promise.

How we create value

Advisory

Offering consultancy services on various aspects of pension schemes, advising clients on investment strategies for their pension funds and also providing a wider range of support services to insurance companies in the life and bulk annuities sector.

Read more on **page 17**

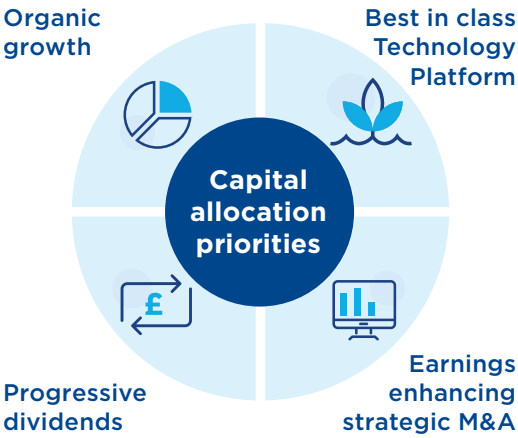
Administration

Managing the day-to-day operations of pension schemes, including member data, contributions, benefit calculations, and communication with members.

Read more on **page 17**

Capital allocation priorities

Effective capital allocation is crucial for sustained growth and competitiveness. It plays a vital role in shaping the firm's overall strategy and ensuring long-term success.



Value for all stakeholders

Clients

- Specialist insight and expertise leading to better outcomes for all stakeholders
- High-quality service and tailored solutions
- Value for money

Read more on **pages 32 and 33**

1,300+
clients

Our people

- Stimulating working environment and attractive career prospects
- First-class training and support towards professional qualifications
- Competitive remuneration and benefits

Read more on **pages 26 to 29**

+24
employee Net Promoter Score

Shareholders

- Track record of growing revenues, profits and dividends – more than £113 million paid in dividends since listing in 2017
- Non-cyclical demand for services
- Highly predictable revenues
- Strong cash generation

Read more on **pages 16 to 19**

19%
growth in dividends in FY 2025

Community and environment

- Positive impact on communities through supporting local and national charities
- Open and fair relationships with regulators and suppliers through regular engagement
- Investment in two key global projects that support the global low-carbon objective

Read more on **pages 30 and 31 and 35 to 44**

88%
of offices supplied with renewable energy as at 31 March 2025 with commitment for 100% by 2030

Spotlight on Technology

Investing in technology for service efficiency and problem resolution

At XPS, we use technology to do complex work on behalf of our clients, across a wide range of activities, from complex financial modelling to the record keeping and administration of over a million people's pension benefits.

In many areas we have developed our own bespoke technology, to be able to serve our clients effectively while providing a unique selling proposition (USP) that supports acquiring new clients and also enhances the efficiency and security of our service delivery.

In the area of pensions administration specifically, in recent years we have used third-party software to deliver our services, primarily as a legacy of the corporate history of the Group which has grown through mergers over the years. We decided that there would be multiple benefits for us and our clients if we invested in a brand new administration system, built by us, to meet the specific needs of us and our clients. This new platform is called **Aurora**. It was launched in June 2023 after two years of development, offering a clean break from legacy systems with its scalable, flexible, and durable cloud-native architecture.

Members on the Aurora platform

300k

Schemes on the Aurora platform

99

We have continued to develop the capability of Aurora to be a platform capable of enabling market-leading administration across all types of pension schemes, whether defined benefit or defined contribution, public sector or private sector.

Aurora offers many benefits for our clients – it delivers better information to them, facilitates online member access, has enhanced cyber security embedded in its architecture, and is capable of delivering complex projects (such as the McCloud remedy) on an automated, scaled basis. Of course it has also driven efficiency in our business, reducing third-party pay-aways. We have migrated away from two of our four legacy systems, and will complete the remaining two by 2027, achieving further savings as we do.

In our Advisory businesses, **Radar**, our award-winning actuarial software, has been named Software of the Year at the Actuarial Post awards for the last two years. This web-based tool provides real-time, user-friendly information to assist trustees and employers with pension scheme planning under the new regulations. We continually invest to keep Radar at the cutting edge of industry developments – for example, we developed functionality to model "run on for surplus" strategies, even in advance of these discussions becoming highly topical.

Radar

Aurora

Competitive landscape with growth opportunities

We operate in the UK pensions and insurance consulting and administration market. The market is large, growing, fragmented and largely independent of the wider economy.

A large market

Overall, the pension fee market is estimated to be worth approximately £2.5 billion per annum, with most fees being generated across four key segments:

- **Actuarial:** calculates whether a defined benefit pension scheme's assets can fully satisfy the promises made to members (liabilities) over time. As well as monitoring a pension scheme's financial position, actuaries will recommend courses of action to protect scheme members and sponsors against financial risk.
- **Administration:** focuses on ensuring pension scheme members receive the correct payments on time through the delivery of services such as record keeping, calculations, communications and payroll services.
- **Investment:** advises on how a pension scheme's assets should be deployed to enable its liabilities to be met over the long term without taking on undue risk.
- **Employer covenant:** reviews an employer's financial strength to determine its ability to meet its pension obligations and, related to this, the level of investment risk that can be taken.

The pensions fee market is increasingly overlapping with the insurance consulting fee market, particularly in the growing risk transfer market where insurers take on pension scheme assets and liabilities. We also have access to this market, and to the wider £1.5 billion+ market of third-party support provided to insurers.

A growing market

Historically, the UK pension fee market has grown at a rate of between 3% and 4% per annum. This is approximately in line with the rate of inflation, which is a key driver of growth, as contracts and fees charged are typically linked to inflation.

The pension fee market, however, also benefits from regulatory and market growth drivers:

Regulatory

To protect scheme members and ensure they receive payments owed when they are due, the regulatory landscape for pension scheme trustees and sponsors is constantly evolving. New regulations and guidance regularly come into effect. Every time a new regulation is passed, trustees and sponsors require tailored advice on how the new rules affect them and what action should be taken. Typically, work generated by new regulations can run for years, thereby generating ongoing demand and work.

A series of new regulations has come into force in recent years from the Pension Schemes Act of 2021 to the Task Force on Climate-related Financial Disclosures (TCFD), the GMP equalisation ruling and the CMA Review. 2024 saw the introduction of a new Funding Code centred around The Pensions Regulator's expectations on how to ensure members are protected over the longer term. As with previous regulatory changes, the new Funding Code will generate demand for our services over several years.

Further regulatory change is expected in the future, which in turn will drive growth in the sector. One potential area of change is centred around making it easier for well-funded defined benefit schemes to run on, enabling surpluses to be deployed for the benefit of members and the sponsoring companies and at the same time facilitating growth in the wider UK economy. Should this result in a new Pension Schemes Bill, trustees and corporate sponsors of schemes will require appropriate advice, specifically with regard to what the best and most appropriate long-term strategy for their schemes will be. This may include going down the risk transfer path. Regardless of which path is taken, XPS is well placed to provide the advice and services needed and, in the process, participate in future regulatory-driven growth.

Market

Just as new regulations can change the pensions landscape and generate demand from schemes for advice and solutions, so too do fundamental shifts in financial markets. One such shift in markets has taken place – the shift from a low-to-higher-interest/inflationary rate environment. Pension schemes have largely benefited, as the deficits caused by the previous near-zero interest rate regime have either been sharply reduced or replaced by surpluses. Such a change in circumstances, though, requires advice – potentially new solutions, such as de-risking, may be required to lock in a scheme's improved financial position and members' benefits. The effects of this regime change are anticipated to persist over the medium to long term.

Already, this is being reflected in rising forecast growth in the bulk annuities market through which the responsibilities of a defined benefit pension scheme are transferred to an insurance company. The bulk annuity market for FY 2025 was just under £50 billion, similar to the previous year, and the number of deals hit record levels approaching 300 across the market. With private sector pension liabilities estimated at £1.5 trillion, even at this elevated growth level, the bulk annuity market remains a long-term growth story, one in which we have an active role to play. Whether or not a pension scheme is run by trustees or the assets and liabilities are taken on by an insurance company, advice, services and solutions will still be required to adapt to new regulations or changing markets. This is the support we already provide to trustees and corporate sponsors. The £1.5 billion insurance fee market, therefore, represents a key area of growth for us.

Another key area of market growth is the defined contribution (DC) market. In essence, DC pensions are tax-efficient bank accounts funded by contributions from the individual or employer that are invested to generate long-term income streams. DC pensions involve transferring the risk associated with providing retirement income from employer to employee. It is a market that is growing – as at 31 December 2024, the market value of the DC market stood at £650 billion compared to £471 billion in 2020.

Although employers are no longer responsible for providing retirement income, DCs do not transfer away the responsibilities of employers and trustees. Schemes, therefore, still require administration services and advice. A trend in DC markets is toward consolidation, and large master trusts are emerging in the market; these too require support from administrators and others.

An independent market

The UK pensions consulting and administration market has in recent years shown itself to be largely independent of the wider economy. Pension schemes continue to require advice and solutions no matter the prevailing stage of the economic cycle. Members still need to be paid on time regardless of economic conditions. Schemes' ability to meet their obligations to members, their financial strength and their respective strategies all continue to require regular monitoring.

The pension fee market also benefits from in-built protection against inflation. Across the industry, client contracts typically incorporate annual price increases in line with a measure of inflation.

A fragmented market

With a 10% market share XPS is one of the largest mid-tier companies in the UK workplace pensions market. Above sit three service providers for whom workplace pensions are not 100% of their business. Below sit several smaller industry participants. With a 100% focus on the pensions industry, together with a fragmented market, XPS is well placed to grow market share, both organically and inorganically through M&A activity.

Case study:

Bulk annuities

Bulk annuities can take the form of either a buy-in or a buy-out. Usually, the former is step one on a path to the latter.

A **buy-in** is where a pension scheme buys an insurance policy to secure part or all of the promises made to members. The pension scheme retains the liability but has an asset that will meet this liability.

A **buy-out** is where the pension scheme is eventually wound up after 100% of the liabilities have been legally transferred directly to the insurer.

Bulk annuities generate demand for a wide range of services that XPS provides, including large amounts of advice and preparatory work on data, benefit specifications, transaction broking services for pension schemes and support for insurance companies taking on the responsibility of protecting and administering members' benefits.

A degree of overlap between the pensions and insurance markets has existed for some time now, but the overlap is growing larger.

Spotlight on

Insurance consulting

Growth through mergers and acquisitions

Exciting expansion of our Insurance Consulting services through the acquisition of Polaris Actuaries and Consultants Ltd (Polaris).

The worlds of pensions and insurance have been converging for many years now, particularly in the area of bulk annuities, and we have increasingly counted insurance companies among our clients in recent times. We have been investing to grow our business in this area, using the strong relationships we have with insurers and the highly transferable skills that we possess.

In February 2025, our Insurance Consulting capabilities were greatly enhanced with the strategic acquisition of Polaris.

Polaris was established in 2015 with the strategy to provide insurance clients with high-quality actuarial and technical services, supporting them on complex financial, risk and regulatory projects. Today, they provide services to the majority of the UK's largest insurance companies.

This acquisition represents a significant leap forward in our capabilities, and the combination is a powerful one, with XPS bringing investment and skills to build upon the already impressive growth achieved by Polaris in recent years.

The addressable market for UK insurance consulting services is large, with life insurers collectively spending well over £1.5 billion p.a., and as such there is a significant opportunity for growth in this area.

David Honour – Head of Insurance Consulting and Roger Houlihan – Founding director of Polaris

UK life and annuity insurance consulting market per annum

£1.5bn

Master services agreements with the UK's largest insurers

14

Building X-Ray to meet insurers' data needs

We have developed our XPS X-Ray service for data due diligence to help insurers to understand the risks associated with the most complex pension risk transfer deals.

Until now, insurers writing "residual risk" deals have relied upon sample testing to assess any residual data accuracy and incorrect benefit risk.

We have enhanced our proprietary benefit modelling software, used with clients for over ten years, to model benefits for all members, not just a sample. Our comprehensive approach empowers insurers to fully grasp and quantify the associated risks.

During the year we used our enhanced offering for a large insurance company that was taking on a large complex pension scheme, with over 7,000 members and 70 benefit structures. This work identified issues with over 1,000 of the members, many of which would have been overlooked by standard sample testing. Thanks to insights provided by X-Ray, they were able to gain a deep understanding of the risks associated with the residual risk cover and to charge an appropriate premium.

Our strategic priorities

A strategy proven to deliver

Through the execution of our strategy, we have continued to deliver on our societal purposes and built scale across all services in the UK pensions market – administration, actuarial, investment and employer covenant. We have delivered profitable revenue growth in each of the eight years since we became a publicly traded company in February 2017.

The four pillars that help us to be forward looking and ambitious:

Regulatory change as a driver of activity

Every time a new regulation comes into force, trustees, corporate sponsors and members of pension schemes require advice and ongoing support to understand the changes being made and take appropriate action. The need to protect members and ensure they receive the correct payments when they are due is paramount, so the regulatory environment for pension schemes is constantly evolving.

Progress in FY 2025

We delivered the high-profile McCloud judgement rectification project. As part of this work, we committed to completing more than 38,000 calculations for public sector workers, showing what they should have correctly received and delivered for every member for whom there was adequate data. We also helped clients understand and respond to the new Funding Code that came into effect in September 2024 as well as continue to carry out GMP equalisation work.

Priorities for FY 2026

- Help clients navigate the new Single Code of Practice and Funding and Investment Code
- Continue roll out of GMP equalisation solution
- Leverage expertise in delivering the McCloud rectification project within the March 2025 deadline to pursue further McCloud work as well as ongoing administrator mandates
- Continue to support trustees and sponsors in their decision making progress about running on versus risk transfer, especially with a new Pension Schemes Bill potentially facilitating well-funded pension schemes to run on

Key risks

- These include third-party supplier or outsourcing issues/errors, theft and fraud and strategy

Growth through expanding services

By continually investing in our platform and technology, we can offer schemes of all sizes best-in-class solutions across all key segments of the pension sector, enabling us to pursue new mandates and deliver more services to existing clients. With the overlap between the pensions and insurance industries becoming larger, we can look to deliver the same services and solutions we provide trustees and sponsors to insurers taking on schemes via the bulk annuities market.

Progress in FY 2025

We rolled out our AI-driven AIDA tool which we developed to help clients understand their options on whether a scheme ought to run on or de-risk. We moved around 300,000 members, approximately a third of the members we administer, onto Aurora, our AI-driven proprietary administration system. To grow our capability in the insurance consulting market, we established an Insurance Consulting team to support insurers taking on large pension schemes. We also acquired an insurance consulting firm.

Priorities for FY 2026

- Roll out new products across client base including moving more members onto Aurora
- Continue to increase our share of the Risk Transfer Market
- Further expand our insurance consulting capability

Key risks

- These include strategic planning and execution risks as well as financial performance, information/cyber security, human resources, client engagement and business conduct and reputation

>38,000
calculations for public sector workers through the McCloud rectification project

17%
Our clients who have completed all stages of GMP equalisation

£1.5bn
The size of the life insurance consulting fee market

37
The number of risk transfer engagement in the year

The year under review saw progress made across all four pillars of our strategy. With end markets benefiting from long-term structural drivers, including a constantly changing regulatory landscape, the overlap between the pensions and insurance sectors growing and a team committed to delivering better outcomes for scheme members, the year ahead will see us continue to execute our strategy across all four pillars.

Growing market share

An expanded service offering and growing suite of best-in-class solutions position us to win new mandates from both new and existing clients and in the process grow market share. By expanding our service offering through establishment of a new Insurance Consulting team, accelerated by the acquisition of Polaris, we are now also targeting the £1.5 billion+ insurance consultancy market.

Progress in FY 2025

Within Administration, we won several new client mandates during the year, which included a new mandate to administer the remaining SEI mastertrust, and we have successfully onboarded John Lewis, a large first-time outsource. As a result, the number of members under administration increased by 10% year on year to 1.2 million. Within Advisory, we won 9 risk transfer engagements from new clients.

Priorities for FY 2026

- Continue to target new business pipeline with increased focus on cross-sell opportunities
- Pursue first-time outsourcing and public sector opportunities within Administration

Key risks

- These include strategic planning and execution, errors and third-party supplier/outsourcing issues

Growth through M&A

Acquiring businesses that meet our investment criteria can build our platform further as well as provide an opportunity to grow market share. M&A remains a core part of our strategy and with a strong balance sheet and the share price progression, we are in a strong position to pursue inorganic opportunities to grow scale and capabilities in our core as well as adjacent markets.

Progress in FY 2025

Acquired UK insurance consultancy business Polaris Actuaries and Consultants Ltd to accelerate the Group's strategy to become a leading provider of services to the UK insurance consulting market.

Priorities for FY 2026

- Continue to evaluate potential opportunities that meet our investment and strategic criteria

Key risks

- These include financial performance and business conduct and reputation

17%
Organic revenue growth during the year

4
Our ranking in the pension services fee market in terms of revenues

£17.7m*
Revenues generated by Polaris in FY 2024
* Unaudited

7
Number of businesses acquired since becoming a publicly traded company in 2017

Another strong year of growth

The year ended 31 March 2025 has seen us extend our record of growing revenues every year since our 2017 initial public offering (IPO) on the London Stock Exchange.

Our business model and the market in which we operate in can be viewed as being largely independent of the wider economic outlook."

Paul Cuff
Co-Chief Executive Officer

Eight consecutive years of revenue growth have transformed our business. Back in February 2017, we had around 400 people and generated approximately £50 million in revenues and £17 million of EBITDA. Today, we are a leading provider of advisory and administration services to pension schemes, and increasingly to insurance companies. Our people number around 2,000, and our revenues have increased to over £230 million (with EBITDA of £70 million) and our shares now trade on the FTSE 250. Our FTSE 250 promotion highlights how far we have come in a relatively short space of time.

A record year of growth

For the year ended 31 March 2025, we are reporting total Group revenues of £231.8 million, a 16% increase on FY 2024's £199.4 million (FY 2024 as reported including NPT), or a 18% increase on a like-for-like basis. We have maintained the step-change in revenue growth from mid-high single digits to the double-digit rates we have been reporting for the last three years, despite tough comparators. We have continued to grow on a very tough comparator prior year where we grew revenues by 20%, a testament to how the UK pensions market and our business model are largely independent of wider macroeconomic and geopolitical dynamics.

The investments that we have made in our people, services and technology have really started to pay off."

Ben Bramhall
Co-Chief Executive Officer

Drivers of strong performance

Major contributors to this year's performance include the high level of demand for our data cleansing, GMP and risk transfer services alongside new business wins, and the high-profile McCloud rectification project for our public sector clients. Other drivers include the inflation linkage of our contracts in line with standard industry practice as well as market generated tailwinds – specifically the improving funding position of pension schemes (which means schemes require advice on the broader range of options available to them) and further regulatory change.

Operational gearing and profitability

Revenue growth has been generated almost entirely organically and has comfortably exceeded inflation. For the third consecutive year, XPS has benefited from operational gearing – earnings growth exceeding that of revenues. FY 2025 adjusted EBITDA of £69.7 million came in 27% higher than FY 2024's £54.8 million; statutory profit before tax was down 35% to £40.8 million compared to £62.5 million in FY 2024 due to last year's £32.5 million gain on the disposal of the NPT business; while adjusted diluted EPS grew 36% year on year to 20.6p from 15.1p in FY 2024. This operational gearing, and margin expansion,

is the product of the investment we have made both in our operating model (to drive efficiencies) and our services where our focus to ensure we can deliver what our clients and the wider market needs is resulting in growth in higher margin project work. Even after normalising for the one-off impact of some of this higher margin project work, margin improved in-line with our plan.

Balance sheet strength and dividend growth

As at year end, Group leverage stood at 0.57x even after funding the initial £23.0 million cash consideration for the Polaris acquisition, and well below our medium-term leverage target of 1.0-1.5x. Our strong balance sheet allows us to propose a 19% increase in the total dividend for the year in line with our progressive dividend policy alongside demonstrating continued confidence in the Group's prospects.

Actuarial and Consulting: navigating a changing market

At the divisional level, Actuarial and Consulting, our biggest division, increased revenues 14% to £106.1 million (FY 2024: £93.4 million) due to a combination of strong client demand and the expansion of our offering. The switch from a low- to a high-interest rate/inflationary environment continues to drive client demand for advice on how best to navigate the new macro backdrop and whether new strategies, such as de-risking, ought to be adopted. During the year, Actuarial and Consulting won significant new business on risk transfer mandates (helping clients to de-risk by engaging with insurers on bulk annuity transactions), including work from outside our own client base. An increasing number of clients are also seeking advice on whether strategies to "run on for surplus" might be a better long-term strategy for them.

Administration: Delivering growth and innovation

Administration, our next largest division, posted the strongest year on year growth rate. Revenues were up 30% to £93.7 million (FY 2024: £71.9 million) thanks to GMP equalisation and McCloud judgement rectification work, new client wins and the lagged impact of annual price increases implemented at times of higher inflation. As at 31 March 2025, the number of members under administration stood at around 1.2 million, a year on year increase of 9%. We were pleased to successfully onboard the administration of the John Lewis Partnership pension scheme, which went live slightly ahead of schedule in February 2025.

Administration also benefited from the successful roll out of Aurora, our proprietary administration system. During the year, we moved around 300,000 members onto Aurora. Aurora, which leverages cloud-based technology, is a win for both members and XPS. Members benefit from a more efficient digital system and online access. XPS benefits from being able to turn off legacy systems, capture efficiency gains and provide a better service to clients. Among the members now administered using Aurora are the 67,000 members of the National Pension Trust, the master trust we sold to SEI in November 2023 but where we retained the role of administrator. During the year we won an expanded role with SEI, as the administrator to its wider master trust that NPT is merging into. This will go live during FY 2026.

Investment Consulting: Solidifying gains

Investment Consulting is the only one of our divisions to have recorded a small 4% year on year decline in revenues to £19.4 million (FY 2024: £20.3 million). The decline was expected as demand normalised following 46% growth in the previous two years. This growth, which was triggered in part by the autumn 2022 gilt market crisis, was centred around increased demand for portfolio rebalancing work and hedging strategy reviews along with the award of mandates for the independent oversight of fiduciary managers. We are very pleased with the division's performance over the past three years and we see attractive opportunities for Investment Consulting to take market share in the years ahead. For example, expensive fiduciary management solutions targeting higher returns may no longer be attractive as schemes have become better funded. Instead, a high-quality traditional investment consulting approach – which our Investment Consulting division offers at a much lower cost, maybe more appropriate.

SIP: Organic growth and new partnerships

Finally, SIP revenues were up 15% to £12.6 million (FY 2024: £11.0 million). All of the growth was generated organically as a result of strong new business sales (supported by our inclusion on the panel of recommended SIPP providers for St James's Place, one of the UK's leading financial advisers), alongside higher interest on cash deposits, which we partially share with our clients.

Buoyant end markets

Our good revenue growth is down to several factors. The pensions industry is being driven, as always, by regulatory and market change which, in turn, drives demand for our services. As has so often been the case in the last three decades, new regulations continue to come into force, for example: the Pension Schemes Act 2021, relating to how corporates finance their arrangements and how schemes are treated following M&A; the 2018 GMP equalisation ruling, requiring trustees to correct the unequal treatment of men and women in relation to elements of defined benefit schemes that built up in the 1980s/1990s; and the CMA Review which recommended schemes seek independent advice on fund managers engaged on a fiduciary management basis. 2024 saw further change with the new Funding Code, and the most recent regulatory change has been a new Pensions Bill laid before Parliament in June 2025, which among other things makes the option to extract surplus much easier for defined benefit pension schemes.

As is often the case with new regulations, schemes will require tailored advice over a number of years to understand how the change affects their members and how best to respond.

Market-driven change also leads to multi-year work, particularly when a fundamental shift has taken place. The switch from a low- to a high-interest rate environment is one such shift that has resulted in many defined benefit pension schemes moving from deficits to surpluses. While this is good news for the schemes, they now require advice on what to do with these surpluses. Should these be locked in? Should the scheme de-risk and transfer its liabilities to insurers? More pension schemes are choosing the de-risk option which is fuelling growth in the bulk annuities market where insurance companies take on the liabilities of pension schemes. As well as generating multi-year work for our Risk Transfer team, this is also leading to increased demand from insurers for advice and support to manage their enlarged books, thereby opening up further growth opportunities for us. The recent Pensions Bill opens

up another avenue too – should schemes "run on for surplus", rather than moving to an insurer? Our clients need advice on what is best for them, and schemes that do run on will need a lot of support to do this effectively for many years to come.

The pension fee industry is benefiting from multiple long-term drivers, both regulatory and market related. Whilst the increase in risk transfer work is reducing the number of schemes, the increased activity levels mean we expect our markets to see continued growth in the years ahead.

Proven strategy and committed people

On their own buoyant markets are not enough to deliver consistently strong financial results. A strategy is required to capture the growth opportunities presented. We have a comprehensive strategy in place that has been designed to do this, centred around four pillars:

- Regulatory change as a driver of activity;
- Growing market share;
- Growth through expanding services; and
- Growth through M&A.

Having the right strategy, though, is only one half of the equation. Having the right people to execute is the other.

Our people are the reason behind our success. Without them we would not deliver highly complex projects on time and on budget, achieve major milestones, such as joining the FTSE 250, announce record results or be named Pensions and Actuarial Consulting Firm of the Year at the Professional Pensions Awards for the third time in five years and Employer Covenant Advisor of the Year at the same ceremony. Our people not only go the extra mile with their work but also for their colleagues and the communities in which we operate. Each year our Values in Practice Awards serve to showcase the contributions our people make both inside and outside the office, including volunteer work in their local communities. To show our appreciation of our people's efforts over the course of the year, we awarded all employees a voucher, outside of and in addition to the usual bonus pool, to enjoy a great experience of their choosing with their families and friends.

As a Group, we must deliver for our people consistently over the long term by creating a working environment where everyone feels valued and able to flourish. We were delighted to receive the Business Culture Builder Award and Best Working Environment and Practices Initiative Award at the Business Culture Awards 2024. We are also encouraged by the high Net Promoter Score (+24 last year) we continue to receive from our employees. Also, our net employee churn remains very low. We know that we must continue to work hard to foster a positive culture at XPS. Not only is this the right thing to do, but it makes business sense too. A positive culture helps retain individuals and attracts talent and leads to better outcomes for clients and, in turn, strong business performance.

Investing in our platform

If our people have been key to our success, our ongoing commitment to give our people the tools they need to deliver by investing in technology and in our offering has been the enabler. As the results we are reporting today show, we are reaping the benefits of the investments we have made to become a full-service solutions provider to the pensions industry. The operational gearing we have now enjoyed for three successive years reflects this.

We expect market and regulatory change will continue to generate high demand for our services as will our successful delivery of key projects that showcase the expertise of our people and capability of our platform."

Paul Cuff
Co-Chief Executive Officer

Our commitment to investing in our technology, people and services is ongoing and during the year ended 31 March 2025 we continued to invest in new technologies and systems. For example, we developed our Radar platform to help clients understand their options and enable informed decisions to be made on whether a scheme ought to run on or de-risk. We continue to invest in AI and are already seeing promising results from a pilot project focused on improving the efficiency of our Member Connect centre in our administration division. Our investments in specifically trained large language models are also bearing fruit.

Delivering complex projects

The platform we have built, and continue to invest in, has allowed us to take on large and complex projects, some of which are high priority and high profile. Delivering these projects on time and on budget, particularly when competitors have struggled to do so, will stand us in good stead to continue to win new business and increase our market share.

One high-profile project we successfully delivered during the year was rectification work in relation to the McCloud judgement. After reforming public service pension schemes in 2014 and 2015, the government introduced transitional protections for older members. However, in December 2018, the Court of Appeal ruled that younger members of the judicial and firefighters' pension schemes had been unlawfully discriminated against because the protections did not apply to them. The McCloud Remedy is a series of changes to public service pension schemes in the UK designed to address age discrimination identified in the McCloud judgment.

Put simply, pensions needed to be put back to where they would have been had the changes not been made, a complex task. Years of data regarding historical earnings for thousands of affected members are required. A series of calculations is needed to work out what members should have received and then verified against multiple different calculations. Foregone interest also needs to be calculated and added into the settlement, while further adjustments may have to be made if the settlement pushes members into a higher tax bracket. Other considerations, such as health benefits, must be taken into account too.

Accurately calculating a remedy for one affected individual is challenging enough, but in relation to the immediate choice review for members who retired prior

to October 2023, we committed to completing more than 38,000 cases by the end of March 2025. Thanks to the incredible efforts of our people and the investment we made in our Aurora technology platform, we delivered for every single member where it was within our control to do so. This equates to 90% of in-scope retired members, the outstanding 10% relates to individuals where complete data sets were not available or where guidance from an external party (such as HMRC and/or the Government Actuary) was required. Across all categories of members, so including active, deferred, and retired members, we produced more than 60,000 statements, covering 94% of members due a remediable service statement. In addition, a further 3,000 statements were issued for non-XPS administered clients, where we were approached to provide wider assistance.

We believe we are, if not the only administrator, one of only a very small number to have met the deadline for such a high-profile project. We are confident this will open up opportunities for new client wins, not just in relation to McCloud but ongoing administrator work for clients attracted to the robust and scalable systems that we have clearly demonstrated sit within XPS. McCloud itself may be one-off, but our successful delivery of the project, and others like it, augurs well for future business wins.

Diversifying into adjacent markets

We are also investing to increase our capabilities to capitalise on the growing overlap between the pensions and insurance industries. We have set up a dedicated Insurance Consulting team to support insurers taking on large pension schemes via the bulk annuities market and more widely. As with pension schemes, insurers require support, specifically in areas such as financial reporting around reserving and risk management around data architecture – services we already provide to pension schemes. To head this team and drive it forward, we appointed David Honour, previously a senior partner in insurance consulting at PwC. At the end of February, we acquired insurance consulting firm Polaris Actuaries and Consultants.

Polaris has been integrated into the current XPS Insurance Consulting team, which is focused on high impact, strategic advice, consulting on transformational change at the initiation stage of large scale projects. Polaris specialises in using a flexible workforce to lead the delivery stages of such projects, and as such is a highly complementary business. The combination will create a significant opportunity for growth as XPS will now be able to offer a full range of services from a strategic consultancy at the front end through to on-the-ground implementation. Polaris also offers XPS the advantage of immediate access to long term, trusted relationships with established Master Services Agreements with majority of the UK's leading insurers.

Just as we did with the pension fee market, we are building capability and scale in the insurance fee market and in the process adding another growth pathway to the business.

A responsible business

As a Group, we are focused on growing responsibly. We continue to have high satisfaction scores from our employee survey, and were awarded 'Best Diversity, Equality and Inclusion (DEI) Initiative' at the UK Company Culture awards. We continue to work towards achieving a significant reduction in our direct carbon footprint and are aiming to source 100% of our electricity from renewable sources by 2030.

While we do not take the opportunities in front of us for granted, we know that by continuing to execute well and work hard for our clients, we have a strategy and platform in place that have a long and growing track record of delivery."

Ben Bramhall
Co-Chief Executive Officer

Outlook

Looking ahead, we expect market and regulatory changes will continue to generate high demand for our services, as will our successful delivery of key projects that showcase the expertise of our people and the capability of our platform. With the McCloud work now largely complete, next year's results will face tough comparators but we still anticipate continued growth in line with Board expectations. One of our largest administration clients, John Lewis, has only recently gone live, while migrations to our Aurora system will continue to drive efficiencies. With workplace pensions high on the political agenda and the recent tabling of the Pensions Bill to parliament, we are also positive on the outlook for the pension fee market and continue to see a considerable runway of growth in the years ahead.

At the same time, we are excited about the opportunity to diversify into the closely related insurance consulting sector and are building scale to capture more of this £1.5 billion market. Together with our core £2.5 billion pension fee market, we are expanding our addressable end markets to £4.0 billion. Notwithstanding the success of the last few years, we are still laying the foundations for future growth.

While we do not take the opportunities in front of us for granted, we know that by continuing to execute well and work hard for our clients, we have a strategy and platform in place that have a long and growing track record of delivery. We are confident that we are well placed for further growth in FY 2026 and beyond.

Paul Cuff
Co-Chief Executive Officer
18 June 2025

Ben Bramhall
Co-Chief Executive Officer
18 June 2025

Spotlight on

Clients

XPS Administration completes one of its largest transitions of a first-time outsource with the John Lewis Partnership (JLP) Pensions Trust.

Looking after our pension scheme members and pensioners remains a priority, and we are delighted that this will continue to develop with our partnership with XPS. Following the Trustees' appointment of XPS in October 2023, we are pleased with how the transition has progressed and the relationships forged between teams. We know JLP employees transferring to XPS will continue to flourish and would like to extend a huge thank you for their continued support, enthusiasm and dedication for the benefit of the scheme and its members."

Scale and complexity

The transition involved 126,000 members, including 41,000 pensioners. This required the development of tailored solutions to continue to provide a high level of services to members.

Getting to know members

Throughout the transition a dedicated XPS Member Connect team handled thousands of calls, maintaining a high satisfaction score with the scheme members.

Enhancing communications

The XPS Client Communications team worked collaboratively with the JLP team, supporting and enhancing a series of complex, fully branded personalised communications – both internally and for the scheme, building trust and familiarity.

Assisting the JLP team

XPS seamlessly integrated an augmented service specialist team to support the JLP Pensions Operations team to support administration service during the transition period.

Welcoming new colleagues

The transition included the TUPE of 25 John Lewis Partners, who were fully integrated into the XPS environment through regular meetings, training sessions, and social events, each with a dedicated XPS buddy for support.

Digital first

A new scheme website and member portal, with unique modelling tools and advanced features for hybrid members, was developed to enhance member choice and engagement.

Engaging with our stakeholders

Section 172 Statement

Stakeholder engagement is central to the Group's strategy and sustainable success. The Board of Directors of the Company acts in good faith to promote the long-term success of the Company for the benefit of its members as a whole, taking into account the factors as listed in Section 172 of the Companies Act 2006:

a. the likely consequences of any decision in the long term;

b. the interests of the Company's employees;

c. the need to foster the Company's business relationships with suppliers, customers and others;

d. the impact of the Company's operations on the community and the environment;

e. the desirability of the Company maintaining a reputation for high standards of business conduct; and

f. the need to act fairly as between members of the Company.

The Company's purpose, values and culture are established by the Board and embedded throughout the Group and key decisions made.

When making key decisions, the Board is careful to consider the interests and priorities of stakeholders, and the consequences the decisions may have. The Board recognises that stakeholders have differing interests and gives careful consideration to balancing the views of all stakeholder groups.

You can read about the Group's principal risks and key mitigations, including those in relation to clients, employees and suppliers, on pages 52 to 58.

	Clients	Shareholders	Regulators
Key interests	• Products and services • Service performance and efficiency • Competitiveness and value • Compliance and data protection • Sustainable products	• Financial performance and growth • Dividends • Timely and relevant communications • Sound corporate governance and stewardship • Strategy aligned with long-term sustainability and value creation	• Transparency and openness • Proactivity and engagement in consultation • Compliance with regulation and legislation
Engagement strategy	The Company engages with clients through key contacts who work day to day with the clients. We also complete client satisfaction surveys every two years, and the Board reviews the results. We hold conferences, webinars and training exercises for clients throughout the year, of which we see a fantastic uptake. Ben Bramhall (Co-CEO) is Scheme Actuary on some of our largest client accounts, and Paul Cuff (Co-CEO) also works on corporate advisory projects from time to time.	We engage with our shareholders in various ways throughout the year including financial results roadshows, and regular meetings with analysts, investors and potential investors. A Capital Markets Event for institutional investors and analysts was held in May 2025, covering topics including the risk transfer and insurance consulting markets, and the Group's investment in technology. The Investors section of the XPS website is updated throughout the year, to include useful information for our shareholders. The Board also attends the Annual General Meeting and is available to answer shareholder questions. At the AGM, shareholder approval is sought for the annual final dividend payment. Imogen Joss, Remuneration Committee Chair, engages through consultation and meetings with major shareholders in relation to executive remuneration. Imogen engaged with the Group's ten largest shareholders in relation to Executive Director remuneration during April and May 2025. Following Alan Bannatyne stepping down as Chairman in September 2025, incoming Chairman Martin Sutherland will offer introductory meetings to the Group's largest shareholders.	The Company works with the regulators by responding to requests and consultations, submitting returns and attending industry meetings. Margaret Snowdon OBE is an adviser to The Pensions Regulator and regularly updates the Board on industry developments. The FCA Consumer Duty has continued to be an area of focus for the Board this year. Aisling Kennedy (Consumer Duty Champion) has engaged with the relevant teams and subsidiary Boards to oversee the Group's compliance with Consumer Duty regulation, and completion of our first Consumer Duty report.

Examples of stakeholder key interests being considered and impacting decisions during the year:

Service diversification:

Shareholders – Our shareholders' key interests are the growth of the Group and value creation. The acquisition of Polaris Actuaries and Consultants Ltd will materially accelerate the Group's strategy of becoming a leading player in the UK Insurance Consulting Market and add another growth pathway to the business.

Employees – Our employees are interested in continued professional development and our diversification into the Insurance Consulting market will provide opportunities for employees within the Group to further expand their skillset.

Client – Expanding our service offering into this market will allow us to broaden our offering to our clients, including leading UK insurance companies taking on large pension schemes.

Regulators – We ensure that we meet all regulatory requirements when completing an acquisition.

Investment in our technology:

Employees – We are committed to giving our people the tools that they need to deliver their work in an efficient way.

Clients – We developed our Radar platform to help clients understand their options and enable informed decisions to be made; and our Administration platform, Aurora, that we continue to invest in allows us to support our clients with large and complex projects, delivering these on time and on budget including the McCloud remedy work.

Shareholders – The investment in our technology continues to drive efficiency in our business, reducing the cost for third party systems. We will achieve further cost savings as we migrate away from two remaining systems by 2027.

	Employees	Suppliers	Communities, charities and environment
Key interests	• Engagement • Reward • Career opportunities • Training and development • Wellbeing • Equality, inclusion and diversity • Work-life balance and flexibility	• Responsible procurement and ethics • Fair contract and payment terms • Cost efficiency and value	• Local and worldwide social and environmental impact • Health and safety
Engagement strategy	Aisling Kennedy is appointed as the Designated Employee Engagement Non-Executive Director. Aisling is Chair of the Employee Engagement Group (EEG) and updates the Board after each EEG meeting. Employees complete an annual employee survey, the results of which are analysed in detail and shared with the Board, and an action plan is agreed. An external and anonymous whistleblowing hotline is available to employees 24/7; any reports can be escalated to the Board as required. You can read more about employee engagement on pages 26 to 29. During the year, Imogen Joss (Senior Independent Non-Executive Director) supported the Group's Values in Practice Awards as Chair to the panel.	The Group has a designated Procurement team and an external company which engages with and carries out due diligence on its suppliers. We conduct formal and transparent tender processes when required. An annual review of existing suppliers, which provide services that are deemed as higher risk (i.e. process large amounts of our data or have access to our offices), is completed in addition to quarterly performance reviews with key suppliers, and the Board is made aware of any issues in relation to supplier performance or agreements. Our Supplier Code of Conduct communicates what we expect from our suppliers. The Board annually approves the XPS Modern Slavery Statement.	The Sustainability Committee is a Committee of the Board, and the majority of members are Board members. The Committee Chair updates the Board following each meeting. You can read the Committee report on pages 74 and 75. XPS is excellently positioned to ensure our positive impact is wider than the Group itself as we advise our clients on sustainable investments; you can read about this on pages 32 and 33. You can read the Group's Task Force on Climate-related Financial Disclosures (TCFD) Report on pages 35 to 44, and our commitment to net zero on pages 35 to 43. You can also read about our community support on pages 30 and 31.

Shaping a better future

At XPS, sustainability supports the delivery of our purpose, mission and strategy. By embracing sustainability and taking action, we deliver better outcomes for all our stakeholders and, at the same time, strengthen XPS's position as a leading provider of services and solutions to pension schemes and insurance companies.

Snehal Shah
Chief Financial Officer

Sustainability is embedded in our business model helping us support safe, robust and well-understood pension schemes for the benefit of people and society. Our work with colleagues, clients, members and communities demonstrates how we shape a better future for all."

Our sustainability framework: shaping a better future

Building on the materiality review and the strategy refresh conducted in FY 2024, our sustainability framework reflects its mission to "shape a better future". With clear ambitions for each priority area, the framework supports our corporate priorities.

Empowering our people to thrive

XPS promotes a diverse and inclusive culture, enabling people to realise their fullest potentials.

Material issues

Employee engagement, Inclusion, equality and diversity, Learning & development, Employee health & wellbeing

Strengthening our communities

XPS contributes to the local communities near its offices, working together for a better future.

Material issues

Community engagement, Charitable giving

Protecting our environment

XPS works to mitigate climate change by minimising its impact on the environment.

Material issues

Climate change & environment, Environmentally friendly culture

Supporting our clients and members

XPS supports its clients and members to optimise outcomes.

Material issues

Sustainable products & services, Responsible investment, Advising clients & members

Being a responsible business

XPS has a culture of strong governance that minimises risk, upholds high standards in conduct and complies with legal standards.

Material issues

Business ethics & values, Corporate governance, Cyber security & data privacy, Human rights & modern slavery, Supply chain management

Concrete sustainability action

To translate the framework into concrete sustainability action, XPS formulated a set of ambitions in each priority area to "shape a better future". All sustainability actions taken ladder up to these ambitions, which set a direction of travel for our people, environment, community and client agenda.

Ambitions and targets

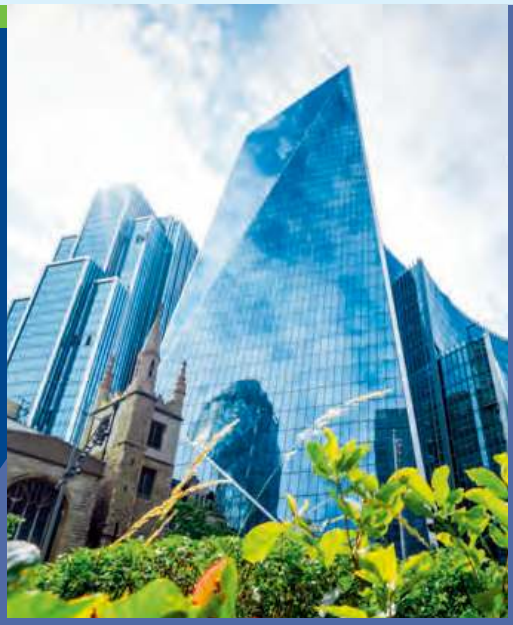
Empowering our people to thrive	XPS promotes a diverse and inclusive culture, enabling people to realise their full potential. Ambitions and targets: • Reach 37% female senior managers by 2028 • Maintain employee approval rating of at least 90%
Strengthening our communities	XPS supports the people living near its business operations with the challenges they face. Ambitions and targets: • Increase our charitable giving and employee volunteering
Protecting our environment	XPS works to mitigate climate change by minimising its impact on the environment. Ambitions and targets: • Achieve net zero by 2050
Supporting our clients and members	XPS supports its clients and members to optimise outcomes. Ambitions and targets: • Maintain satisfaction level of at least 80% • Encourage sustainable investment

Effective sustainability governance

Ultimate responsibility for our sustainability framework rests with the Board of Directors. Oversight of the implementation, progress and performance of the framework has been delegated by the Board to the Sustainability Committee. You can read a report on the activities of this Board Committee, which met four times last year, on pages 74 and 75. Supported by Executive sponsor Snehal Shah, a dedicated Sustainability Working Group is responsible for driving effective action as well as measuring and communicating progress and performance during the year.

The Sustainable Development Goals

We recognise that business can make a valuable contribution to driving positive societal change. The corporate priorities identified through our sustainability framework align with several United Nations Sustainable Development Goals (SDGs):



Empowering our people to thrive

Empowering people to thrive is central to our strategy. Continuous learning programmes equip employees with the skills to excel, while engagement efforts with clients and stakeholders build strong partnerships. Focusing on these areas helps create a thriving environment that aligns with our strategic objectives and vision of shaping a better future.

Rachel Gillion
HR Director

Our strategy prepares our Company for the future by fostering an inclusive environment that supports colleagues' growth. Engaging with stakeholders – employees, clients, shareholders, and the community – aligns our initiatives with their expectations, building a resilient organisation."

+24
eNPS score

34,000
training hours

89%
believe people of all backgrounds can thrive in XPS

As XPS grows, so too does the expectation of higher performance, transparency and accountability. Resource allocation and managing diversity and inclusion are also critical areas requiring careful attention. Our approach focuses on fostering a culture of growth and inclusivity, supporting a resilient and effective XPS, and driving positive change through empowerment initiatives. By prioritising these areas, together with enhancing employee engagement, attracting top talent and driving innovation and growth, we aim to create a thriving work environment that supports our diverse workforce and aligns with our strategic objectives.

Engagement approach

It is critical we build trusting relationships with our people and foster a positive workplace culture. We have developed an employee voice strategy as well as a portal for colleagues to leave feedback on any subject at any time. Meanwhile, our Employee Engagement Group, which is chaired by Aisling Kennedy, Non-Executive Director and Chair of the Sustainability Committee, with representatives from each location, provides feedback to management and the Board allowing us to address concerns and ensuring our employees remain engaged and motivated.

By continuously engaging with our people and valuing their input, we aim to create a thriving and inclusive work environment that supports our strategic objectives. Each year, we measure the outcome of our engagement efforts, such as through our weekly newsletters and voice notes from our Co-CEOs, townhalls and our annual employee survey. This year, our annual survey had an 81% response rate, with an average score of 79% favourable responses.

While broadly favourable, our employee Net Promoter Score (eNPS), which assesses how likely our employees are to recommend XPS as a great place to work, saw a modest decline after year on year increases. We put this down to our rapid growth, which has been demanding of our teams. However, the scores for our diversity, equity and inclusion demonstrate that we have taken positive steps forward. Additionally, 89% of colleagues said "people of all backgrounds can thrive in XPS", while 91% said they enjoy working with their teams.

We incentivise employees with bonus schemes, share plans, competitive remuneration and benefits. We also recognise outstanding contributions through local recognition programmes and our Values in Practice (VIPs) Awards which help us celebrate employees who embody our values and contribute positively to the organisation. Additionally, we have a monthly award for colleagues who excel in delighting our clients. To commemorate XPS joining the FTSE 250 this year, each employee employed with the Company as of 31 March 2025 received a £250 gift voucher. This was in recognition of their tremendous work and effort throughout the year.

Learning and development

Learning and development are crucial for both career progression and achieving organisational objectives. We are committed to promoting continuous learning, growth and inclusivity. Our strategy empowers employees to excel in their roles and equips them for future progression through regular training sessions, mentorship programmes and bespoke learning opportunities.

We offer a range of training programmes, including leadership development, technical skills, management development and personal workshops. Employees are encouraged to set career aspirations and collaborate with line managers to achieve these goals. In FY 2025, a mandatory line manager programme was introduced for new managers and those with less than 12 months' experience at XPS. 132 colleagues enrolled on the programme in FY 2025.

Recognising the diverse learning needs of our colleagues, we invest in initiatives that deliver effective support. This year, the number of training hours increased significantly to 34,000 (FY 2024: 28,000), reflecting our focus on development and wellbeing. Monthly wellbeing hours also provide time for colleagues to focus on themselves while learning new skills, with participation steadily increasing.

Besides wellbeing sessions, we prioritise upskilling through internal and external courses. Our mentoring programme and various training initiatives, such as compliance and cyber security, have seen increased participation, with colleagues benefiting from external courses offered by partners such as Schroders and the UK actuarial profession.

We regularly review our strategy to ensure it continues to sustain a culture of learning that enables professional excellence and drives business success and colleague engagement.

Case study:

Award wins in FY 2025

In FY 2025, XPS won several prestigious awards in recognition of its efforts to foster a positive and inclusive workplace, its innovative work strategies, its supportive environment and its commitment to diversity, equity and inclusion.

At the Business Culture Awards, XPS received the **Business Culture Builder Award 2024** and the **Working Environment and Practice 2024** award. These accolades recognise XPS's success in building a strong, positive corporate culture and implementing effective practices that enhance the working environment for all employees.

The Company's innovative approach to remote and hybrid work was also recognised with the **Best Remote/ Hybrid Work Strategy 2024** award at the Engage Awards. This highlights XPS's ability to adapt to changing work environments and provide flexible work options that meet the needs of its employees.

XPS also won the **Best DEI Initiative 2024** at the UK Company Culture Awards for our work on supporting colleagues through menopause.

Finally, XPS was named the **Best Organisation for Supporting Development** at the Professional Pension Rising Star Awards. This award celebrates XPS's commitment to supporting the growth and development of its employees through various training and development programmes.

Empowering people to thrive continued

Inclusion and diversity

At XPS, we are committed to fostering a vibrant workplace where differences are recognised as strengths. We know that a more inclusive company is stronger and, therefore, we integrate initiatives across our business ensuring that inclusion and diversity influence everything we do with clients, colleagues, communities and partners.

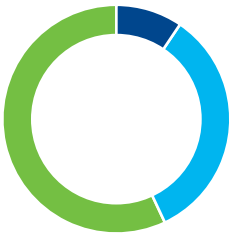
We aim to create a culture of belonging where employees feel valued and can thrive. We believe this is essential for our strategic objectives to be met. Our Inclusion and Diversity strategy, which covers hiring practices, is designed to ensure our workforce reflects society at all levels of the business. In FY 2025, XPS made significant strides in enhancing inclusion and diversity across the business:

- We revamped our Family Friendly policies to provide greater support to new parents by doubling the maternity, adoption and shared parental leave pay entitlement to six months, full pay and doubling paid paternity leave to four weeks.
- We improved our recruitment procedures and workplace adjustments, alongside line manager training, helping us to move from Level 1 to Level 3 in the UK government's Disability Confident Scheme and earning recognition as a Disability Confident Leader.
- We signed up to the Business in the Community Race at Work Charter to tackle ethnic disparities in the workplace and developed a comprehensive action plan to promote race equality.
- Our Employee Networks continued to support colleagues' career ambitions, thereby creating an empowering environment – in FY 2025, our networks hosted various events, discussions and activities to support and connect colleagues.
- We continued to focus on building an inclusive and open working environment for our LGBTQ+ colleagues – in FY 2025, we introduced a Trans, Non-Binary and Intersex policy to provide guidance on the process of creating an inclusive and supportive environment for transgender, non-binary and intersex colleagues. This guidance was developed in collaboration with colleagues from our LGBTQ+ network and LGBT Great.
- We also completed the LGBT Great's benchmarking tool "iiBT" and achieved the silver standard, which signifies that a company has made significant progress in its LGBTQ+ diversity, equity and inclusion (DE&I) strategies.

Gender diversity at XPS

	Males		Females		
	No.	%	No.	%	
Board	5	56%	4	44%	
Group	971	49%	993	51%	Excludes NEDs
Partners & Managing Consultants	96	62%	59	38%	
Other employees	872	48%	934	52%	

Disability diversity at XPS

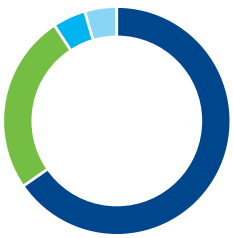


Disability

(66.45% staff disclosure)

Yes	9.4%
Undisclosed	33.6%
None	57.0%

Sexual diversity at XPS

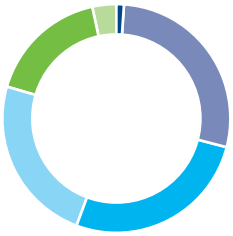


Sexual orientation

(74.5% staff disclosure)

Heterosexual	65.3%
Not provided	25.4%
LGBT+	4.7%
Prefer not to say/ Undisclosed	4.6%

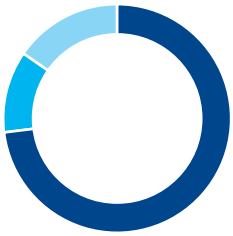
Age diversity at XPS



Age distribution

<20	1.1%
21-30	28.0%
31-40	26.7%
41-50	23.8%
51-60	17.1%
61+	3.4%

Ethnic diversity at XPS



Ethnicity

(84.62% staff disclosure)

White	73.1%
Ethnic minority	11.6%
Prefer not to say/ Undisclosed	15.4%

Wellbeing

The success of XPS is intrinsically linked to the health and wellbeing of our employees. As such, we want everyone to thrive, both inside and outside the work environment. We prioritise their welfare through an array of programmes and support services. Our comprehensive approach, informed by data and emerging environmental issues, encompasses mental and physical health and financial wellbeing.

Key initiatives for FY 2025 include:

- We provided mental health training for line managers, equipping them with the knowledge and skills necessary to support mental health through their roles;
- We trained 25 new mental health allies, bringing the total to over 60 across the UK, to aid colleagues;
- We amended our flexible working policy, "My XPS, My Choice", which empowers employees to exercise greater control over their working hours and locations, thereby reducing stress and enhancing work-life balance – the amendment requires colleagues to attend the office at least two days a week to address challenges, such as the erosion of office community feeling and attrition rates among new joiners;
- We revamped office spaces with breakout areas, meeting rooms, better collaboration technology, wellbeing areas, prayer rooms and improved kitchen facilities;
- We offer the option to purchase additional holidays to prevent burnout, and we introduced the ability to flex bank holidays;
- Based on colleague feedback, we introduced Carers and Foster policies at XPS, incorporating mental health support and flexible working options; and
- We expanded the Health and Menopause Network to encompass reproductive health, including male reproductive health. We are proud to be a menopause-accredited company, actively challenging the stigma around menopause and promoting awareness – the network offers peer support and resources to help colleagues navigate hormonal changes and understand their impacts.

Looking ahead

By continuously engaging our people and valuing their input, we aim to create a thriving and inclusive work environment that supports our strategic objectives. For FY 2026 we will be focusing on:

- Updating our employer brand so that XPS can enhance employee engagement, attract top talent and drive innovation and growth;
- Promoting gender equality through setting targets and supporting career progression;
- Continuing to implement the Race at Work Charter action plan; and
- Developing the L&D strategy with training for a dynamic environment and encouraging employees to set and achieve career goals with their managers.

Memberships and partnerships

We collaborate with several external initiatives for guidance and direction on various sustainability issues. We are proud to be members and supporters of many organisations driving change, including those shown above.

See more information about our partners on our website:
www.xpsgroup.com/sustainability/employees/

Strengthening our communities

Our commitment to sustainability in the community is driven by our vision of "shaping a better future". We recognise the importance of continuous improvement and innovation in our methods of community support and this year we have implemented a co-ordinated and active approach to strengthen our communities, which has also helped support our talent pipeline.

Charlotte West
Head of Employee Engagement

"The amazing volunteering efforts of our colleagues have not only strengthened our communities but also enriched our corporate culture. Together, we are making a tangible difference, one act of kindness at a time. As we look to the year ahead, we are excited to grow our community engagement programme even further, expanding our reach and impact. Our commitment to community investment is unwavering."

£79k
donated to community organisations

65
charities supported

660
volunteering hours

There are many risks impacting communities, primarily cost of living, but also social cohesion and regional disparities. Our colleagues and their families rely on their communities. XPS, therefore, feels a responsibility to support communities facing these challenges.

Through our community engagement programme, we work with a range of partners, leveraging our skills and scale to help create a more inclusive and sustainable society. Our investment in communities takes many forms, including direct community donations, colleague volunteering and matched fundraising.

Volunteering

At XPS, we prioritise "doing the right thing" and supporting our local communities. Our Corporate Volunteering Policy allows full-time and part-time employees one day of paid leave for volunteering each financial year.

We encourage our employees to leverage their skills in Company-organised community engagement activities. In FY 2025, employees volunteered 660 hours (FY 2024: 211 hours). Examples of volunteering activities undertaken include career and job coaching, where employees use their expertise to help individuals develop skills and find employment. Environmental sustainability initiatives saw volunteers participate in tree planting, beach clean-ups and recycling drives, demonstrating our commitment to preserving the environment. Additionally, employees have been involved in assisting the homeless, providing meals and supporting services through various local shelters and organisations.

Community funding

In support of our mission of "shaping a better future", this year we introduced our Community Giving Policy through which each XPS location can allocate an amount of money to UK-registered charities chosen by local colleagues. This initiative empowers employees to engage with their local communities and contribute to causes they are passionate about, fostering a sense of ownership and pride in their philanthropic efforts.

The Community Giving Policy complements our existing Matched Funding Policy, reinforcing our commitment to social responsibility and creating positive change.

Fundraising

We take great pride in the fundraising achievements of our employees throughout the UK through various activities such as bake sales and endurance challenges. Employees can apply for matching funds raised for registered charities in the UK. This year, the total amount raised was £79k (FY 2024: £67K), supporting both local and national charities.

Our employees have shown remarkable creativity and commitment in their fundraising endeavours. For instance, colleagues constructed sandcastles in the Thistle Centre for Strathcarron Hospice, two colleagues participated in a fire walk for "Held in Our Hearts" and the Movember campaign raised over £5,000 to support men's health initiatives, focusing on prostate cancer, testicular cancer, mental health and suicide prevention.

Supply chain

Our approach to supply chain engagement is centred around responsible and sustainable practices. We actively manage our supply chain to mitigate risks and reduce our environmental footprint by implementing stringent standards and policies. Our Supplier Code of Conduct outlines the high standards and behaviours we expect from our suppliers, including safe working conditions, fair and respectful treatment of employees and adherence to environmental and ethical practices. This year, we updated our Supplier Code of Conduct to include provisions on modern slavery, environmental sustainability, and diversity, equity and inclusion. By having strong relationships with our suppliers and ensuring compliance with our code, we aim to create a more resilient and sustainable supply chain.

Looking ahead

Our commitment to supporting local communities is driven by the belief that together, we can shape a better future. By harnessing the enthusiasm and creativity of our employees, we aim to make a meaningful difference and inspire others to do the same. In FY 2026 we will be focusing on:

- Continuing to strengthen our community approach;
- Encouraging employees to use their skills for community engagement; and
- Reviewing our procurement with an inclusive lens.

Case study:

Empowering the future: XPS partners with Future Frontiers to mentor disadvantaged students

We partnered with Future Frontiers, an award-winning education charity that connects young people from disadvantaged backgrounds to professionals from various organisations. This involved employees mentoring students from disadvantaged backgrounds, allowing us to engage with young people and embrace different perspectives.

We have long welcomed graduates, apprentices and school leavers at XPS, guiding them to become fully qualified professionals. Supporting younger students through Future Frontiers fits well with our culture and goals and aligns with our culture of developing young people.

Supporting our clients and members

Stewardship is an important aspect of protecting and developing long-term partnerships with clients. We support all clients with responsible investing and integrating sustainability into the services we provide. Over the year, we have made progress in incorporating sustainability further into our range of services.

Alex Quant
Head of ESG Research – Investment

Integrating sustainability into investment decision making is integral to risk management and long-term value creation. We continue to keep clients informed with detailed information about the ever-changing landscape to allow them to factor sustainability into the management of their pension schemes."

184
investment funds across 43 investment managers reviewed

43
Sustainable funds and 4 Impact funds available

40
clients in Sustainable funds representing £3.2 billion

XPS is committed to integrating environmental, social and governance factors into all aspects of its investment research and advisory services. Our culture and values help us promote sustainable services for our clients. We also focus on keeping all our clients' money safe from scams and fraud.

Helping clients navigate sustainability

Sustainability and climate considerations are integral to the advice XPS provides to investors and are embedded into the recommendations we make for the £101 billion assets under advisement.

XPS is committed to educating clients on sustainability and has provided client-tailored training throughout the year. In August 2024, we hosted a free webinar for all our clients to provide an update on latest regulations in relation to ESG, setting net zero targets and climate scenario modelling.

We make it easy for clients to understand their exposure to ESG risk and alignment to the climate transition. As part of our sustainability reporting, we include exposure to "sin industries" (such as tobacco), climate transition alignment and engagement on sustainability across client portfolios as well as carbon emissions reporting. We continue to partner with a market-leading climate change data provider so that we can provide enhanced reporting and analysis of climate change risks. We used this to support certain clients with their regulatory climate change reporting requirements, aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

During the year, XPS carried out its fifth annual sustainability ratings exercise, which involved reviewing 184 investment funds across 43 investment managers. Following the exercise, XPS provided tailored feedback to every fund manager on their ESG rating to highlight strengths and areas for improvement. We also held follow-up face-to-face meetings with those managers who received a red rating, as well as many others, to discuss areas for improvement, thereby contributing to raising the bar for ESG in the industry.

Driving sustainable investment

For those clients looking to address sustainability through their investments more explicitly, we operate our proprietary Sustainable and Impact labels for investment funds. We continue to add funds to our Sustainable and Impact Designation buy-list. We now have 43 Sustainable funds across all asset classes (FY 2024: 39) and 4 Impact funds (FY 2024: 3) to help our clients meet their financial objectives while targeting long-term social and environmental outcomes.

At the end of FY 2025, XPS had 40 clients in Sustainable funds representing £3.2 billion (FY 2024: 36 clients, £2.6 billion) in assets under advisement.

Creating a sustainable pensions industry

In FY 2025, XPS submitted its first progress report against the Principles of the Net Zero Investment Consultant Initiative. The report detailed XPS's progress across the initiative's nine action areas and the work we have done in integrating net zero into our investment advisory services and as a business.

XPS also retained its status as a signatory of the UK Stewardship Code, having been successful at the first time of asking in 2021. XPS contributed to a number of public consultations relating to sustainability issues, including the consultation on anti-greenwashing rules, the Mansion House consultation on UK Green Taxonomy and the FRC consultation on the updated UK Stewardship Code.

Keeping members safe

XPS remains focused on keeping the members of the pension schemes we administer safe. Our Scam Protection Service continues to support trustees and members by identifying and managing suspicious activity in relation to transfers. In particular, XPS's Scam Protection team uses phone calls with scheme members to obtain robust information about their transfer and uses this to identify any suspicious activity. In addition, XPS is an advisory member of the Pension Scams Industry Board. Our service goes beyond what is required in the regulations and we continually look out for trends in behaviour to help spot warning signs of new potential scams. To date, XPS's Scam Protection Service has helped protect over 16,000 members' transfers, totalling over £2.5 billion (up from 10,000 and £2.0 billion last year).

To minimise social engineering threats, XPS rolled out Abnormal Email Security, which uses AI and behaviour analysis to detect malicious emails. In FY 2025, all our colleagues undertook mandatory training on protecting client, employee and corporate information, including regular phishing awareness exercises. Our Information Security Management System (ISMS) was certified to ISO 27001 in FY 2022 and the effective deployment of our ISMS is independently verified through our Cyber Essentials Plus certification and BitSight risk scoring.

We recognise that many pension members may have one or more vulnerabilities, and that we must take care to listen to their needs and identify when we should apply an extra duty of care. Our Dealing with Vulnerable Customers Policy provides guidance to all employees about vulnerabilities members may experience, barriers they may face when dealing with professional service providers and what we can do to make our services as accessible and inclusive as possible. Wherever possible, we will adapt to members' specific needs.

Looking ahead

For FY 2026, XPS will continue to integrate sustainability into the advice and services it provides to all its clients. Our focus is:

- To proactively encourage clients to invest sustainably; and
- To adopt strategies which support the global direction of travel towards net zero.

UK STEWARDSHIP CODE

PENSIONS FOR PURPOSE

Signatory of:

PRI Principles for Responsible Investment

16,000

members' transfers protected

£2.5bn

protected

Being a responsible business

Good governance structures and processes drive the right behaviours to deliver value for XPS's stakeholders. Behaving ethically, therefore, supports our corporate purpose and strategy. It is a foundational part of our sustainability framework: our values and culture are fundamental to our continued success.

Sarah Rixon
Group Company Secretary

We can only achieve 'shaping a better future' with a culture of strong governance that minimises risk, upholds high standards and complies with all legal standards. Being a responsible business is key to the success of our mission and strategy."

100%

compliance training rate in FY 2025

Transparent disclosures on the Board

XPS upholds high standards of corporate governance. Our Board composition and structures – as well as our other governance processes – comply with the UK Corporate Governance Code (the "Code"). One of the cornerstones of the Code is transparency with regard to the Board and executive management.

More information on the governance and composition disclosures of our Board is on pages 63 to 67

XPS discloses on pages 76 to 99 a range of information relating to executive management, including remuneration and how sustainability is incorporated into bonus objectives and share incentive award vesting criteria. The slight restatement of historic carbon emissions in light of the net zero assessment by the SBTi has not had a material impact on the sustainability consideration of executive remuneration.

A culture of compliance in action

XPS's compliance environment consists of its policies and procedures, underpinned by its values and culture. This ensures that everyone at XPS upholds high standards of corporate governance and collectively acts as a responsible business. The behaviours XPS expects from our people are codified in the Business Code of Ethics as well as a range of other policies covering treating customers fairly, diversity and inclusion, fraud, modern slavery and dealing with vulnerable customers. XPS has zero tolerance for behaviours that are not in line with this set of expectations. In FY 2025, all our employees were required to complete ethics, modern slavery and anti-bribery training. The completion rate for such training was 100% (FY 2024: 100%).

In FY 2025, XPS continued to emphasise the expectations it has of its business partners and suppliers to behave in line with its Supplier Code of Conduct. Doing business with XPS means adhering to this code and our onboarding process ensures that all our suppliers do so. Our requirements around modern slavery, anti-bribery and financial fraud are also communicated through this process. Our annual Modern Slavery Statement is available on our website.

Protecting our environment

XPS strives to meet the needs of its business and its people today, without compromising the ability of future generations to do the same. XPS is committed to delivering a sustainable and environmentally conscious operation that reduces its environmental footprint and, where possible, contributes positively to the environment and natural world.

Matt Wellbelove
Environmental System Manager

We made significant progress on our net zero roadmap in FY 2025. I am really proud that we are now using renewable energy for 88% of our offices, which has helped us deliver a significant carbon reduction."

88%

of offices supplied with renewable energy as at 31 March 2025

7

the number of ISO 14001 certificated offices

75%

of all XPS lighting is low energy

Environment and climate governance

TCFD governance (A & B)

The Board has ultimate responsibility for both risk management and sustainability within the Group including those risks and opportunities relating to the environment and climate change. This responsibility is embedded into the Group's pre-existing governance structure and ensures climate and wider environmental considerations are included when reviewing and guiding strategy, business plans, acquisitions and major plans of action. Environment and climate change governance is discharged through a number of Board Committees. The Board Committees provide guidance, information and data-driven reporting to the Board, maintaining oversight over climate-related risk and opportunity treatment and identification within the business. The Nomination Committee supports the Board by ensuring the Board and its subcommittees are appropriately skilled and knowledgeable to carry out their activities.

Together, the Board and its subcommittees monitor and oversee progress to relevant goals and targets within the business, supporting informed, effective and appropriate leadership decisions. The Board uses the data, information and reports to influence the Group's strategy and internal policy decisions.

Please see Monitoring and advocating progress on page 41 to 43 for further detail on metrics, goals and targets and how they are monitored within XPS Group.

Effective climate risk management

TCFD governance (B), TCFD risk management (A, B & C)

The relevant accountable senior management is responsible for the implementation of climate and environmental policies within the business which is overseen by the Board-level Risk Management Committee. Assurance of the management system is established via the internal audit and external certification programmes. The output of these is integrated within the Risk Management Framework and reported to the appropriate Board Committees (see page 36).

Climate and environmental risks are integrated within the Risk Management Framework. This includes alignment of terminology methodologies (identification, assessment and treatment) and priority assignment along with any action plans. The XPS Risk Management Framework is fully articulated in the Principal Risks section of this report (page 52 to 58).

The XPS Environmental Management System (EMS) provides the framework to assess climate risks in accordance with the Group's Risk Framework. The EMS is certified to the internationally recognised ISO 14001:2015 standard, providing a repeatable, consistent mechanism to identify and assess climate and environment-related risks and opportunities. Identification exercises occur at least annually to maintain a comprehensive climate and environment risk and impact register. All Group risks, including climate, are assessed and monitored against a number of predetermined materiality indicators and thresholds (including the impact on XPS financials) to determine the risk size, scope and priority. The appetite, timescale and type of treatment are dictated by the Risk Management Framework and associated Group policies. Treatment may include mitigation, transference, acceptance or rejection. Climate risks are managed and reported to relevant Board Committees as part of the Group's risk governance structure (see Principle Risks section pages 52 to 58).

Protecting our environment continued

Effective climate risk management continued

TCFD governance (B), TCFD risk management (A,B & C) continued

XPS ensures its environmental risk register includes all the risks outlined in the TCFD's Table A1.1 as a minimum, as well as ensuring appropriate elements of the TCFD's Table A1.2 are sufficiently assessed.

The Group's EMS applies to all XPS facilities. XPS has chosen to certify this management system to ISO 14001 certification in 7 locations. The Group has set a target to ensure that all offices obtain official certification by the end of FY 2026, with the exception of those offices that XPS does not plan to occupy beyond that period.

Climate-related governance structure

Board of Directors

Responsible for overarching strategy and accountable for sustainability performance

Sustainability Committee

The Committee convenes quarterly and provides independent oversight of the Group's sustainability programme and is responsible for defining the XPS sustainability framework, overseeing its implementation and monitoring progress which includes the assessment of environment and climate-related risk, corrective actions, opportunity, strategy and performance based upon metrics and targets.

See **Sustainability Committee pages 74 and 75**

Audit & Risk Committee

The Committee monitors the effectiveness of internal controls, risk management and compliance activities including those relating to climate and the environment. The Committee convenes at least three times per annum.

See **Audit & Risk Committee pages 71 to 73**

Remuneration Committee

The Committee defines how climate change and the environment are embedded into XPS executive remuneration, ensuring fair and appropriate reward. The Committee convenes at least three times per year.

See **Remuneration Committee pages 76 to 99**

Risk Management Committee

The Risk Management Committee monitors the implementation of the XPS Risk Management Framework in which climate and the environment are fully embedded.

See **Risk Management pages 52 to 58**

Risk Management Framework and Control Environment

Environmental Steering Committee

Environmental Management System

- Climate performance metrics
- Climate risk management
- Climate opportunities
- Assurance programme
- Compliance programme

The XPS environmental risk landscape

XPS climate risk horizons, TCFD strategy (A, B & C)

XPS is a UK-based professional services provider with no overseas operations. The climate impact to the value of the Group's asset base is considered low risk and immaterial. XPS has aligned the environmental and climate time horizons to those of the Science Based Targets initiative (SBTi) to which the Group is committed. XPS considers these time horizons to be an effective reflection of XPS transitional milestones, associated risks and general uncertainty within the topic, including the likely materialisation of risks on assets and infrastructure.

Climate and environment time horizons

TCFD risk strategy (A)

Short term	The next 5 years	Well-understood risks and opportunities that are likely to materialise with a low-risk impact on key business, property and asset decisions.
Medium term	The next 5–10 years	Moderate uncertainty around transitional operating environment with a growing impact on key business, property and asset decisions.
Long term	Beyond the next 10 years	Great level of uncertainty with a potentially material impact on key business, property and asset decisions.

As with all businesses, XPS operations will evolve with time to best reflect the environment and market in which the Group operates to continue create value effectively. XPS recognises that there is scientific and economic uncertainty regarding climate change. XPS Group anticipates that its current strategy and approach will remain fundamentally stable, effective and able to create value with minor adjustments to be reasonably anticipated. This includes operating within a scenario consistent with achieving a low-carbon economic operation, limiting warming to 2°C or under.

Non-climate-related environmental risks to the Group are well documented via the Group's Environmental Management System. The risk XPS poses to the environment and the environment poses to XPS remains low and is assessed as financially immaterial and stable in all time horizons.

XPS utilises its environmental risk management process alongside scenario analysis to identify climate-related risks and impacts to the business. XPS has considered the impacts recommended as part of the TCFD 2021 Implementation Guidance for Strategy recommendation C as part of this process.

Protecting our environment continued

Potential impact of climate-related risks and opportunities

TCFD strategy (A, B & C)

The following information reflects the potential impact of climate-related risk on the Group. XPS does not anticipate climate change materially impacting the financial position of the Group.

Climate-related risk	Time horizons			Impact TCFD risk strategy (A)
Adaptation and mitigation activities including operations and locations of facilities	S	M	L	Risk: Potentially adverse impacts may include low-carbon product capacity and availability, market volatility, taxation, regulation, business cost and asset isolation. Likely to materialise incrementally across time horizons. XPS response and forecast: By actively transitioning the Group's business activities to a science-based low-carbon operation, XPS shall mitigate the most significant exposure in relation to this risk. XPS has budgeted for reasonably anticipated costs in relation to this whilst acknowledging that uncertainty remains surrounding transitional costs, particularly in relation to carbon taxation, technology and residual emissions removal. The XPS Transition Plan has been formulated to reduce reliance on unknown technology as much as possible to minimise any exposure in this area. The Group considers that its Transition Plan is likely to be refined in response to these conditions but is unlikely to reflect a financially or operationally material impact on the Group or the forecast mitigation and adaptation budget. XPS anticipates increased regulation and disclosure but does not consider these to reflect a material impact to the business. XPS property-based commitments may require relocation in some instances in the short to medium term in advance of the Group's 2035 objectives; however, this is not anticipated to pose a material operational or capital risk to the Group. Any incremental cash outflows for moving locations are factored into the financial budget. Any risk of relocation will be dispersed across the time period and is not anticipated to impact capital in excess of 5% of revenue in the time horizon. Capital requirements and market signals are monitored and considered as part of the Group's ongoing strategy and budgeting.
Supply chain and/or value chain	S	M	L	Risk/opportunity: A failure of a third party which XPS is dependent on may result in XPS being unable to deliver its own commitments or service presenting potential issues, particularly within compliance and taxation. Most likely to materialise in the long term, failures may include those relating to infrastructure (e.g. decarbonisation of the national grid), capacity (e.g. limited suppliers offering relevant products) or product viability (e.g. net zero compliant products do not exist or are not fit for XPS's purpose). By selecting complementary low-carbon suppliers in the short to medium-term horizon XPS can significantly accelerate its net zero objective, potentially reducing long-term cost. XPS response and forecast: The Group's supplier management process monitors and assesses the activities and risk of its supply chain. This enables the business to monitor the carbon performance of its value chain and identify key risk areas. The output is monitored as part of the EMS and reported to the Board which informs value chain-related policy and selection. XPS has observed a voluntary transition of its value chain to low-carbon compliance, particularly within its tier 1 suppliers. The Group considers future "green" supplier capacity to be low risk. By transitioning to a low-carbon supply chain in advance of the Group's net zero objectives the Group can reduce carbon-related costs (offsetting) and potential taxation whilst capitalising on potential efficiencies and low-energy cost savings within the XPS value chain, reducing the impact to capital and cash outflow. The Board is informed of third-party-related risks and considers these as part of the supplier selection and business strategy. XPS does not anticipate the residually managed risk to be material to the XPS financial position or expenditure, positively or negatively.

Climate-related risk	Time horizons			Impact TCFD risk strategy (A)
Products and services	S	M	L	Risk/opportunity: Client, investor and consumer preferences may be influenced by a company's net zero and sustainability profile, potentially influencing the organisation's access to these groups and prospects, likely to materialise incrementally across time horizons. XPS response and forecast: XPS considers consumer, client and investor preferences to be both a risk and an opportunity. If well managed, XPS can take advantage of a growing demand for "sustainable" products and potentially increase its revenue streams by operating in a complementary fashion alongside a sustainable product offering. Conversely, failing to sufficiently reflect sustainability within the Group's activities or products may deter potential clients and investors. XPS anticipates that this occurrence is likely to materialise. The Group's business and product strategy is well aligned to capitalise on the opportunities provided, simultaneously mitigating the related risks. The revenue impact is considered to be immaterial as sustainable products are likely to reflect the norm within the market with no significant unfavourable cost impact. The Board continues to be informed of revenue streams and market expectations, steering product strategy accordingly.
Market and product volatility (not relating to previously listed)		M	L	Risk/opportunity: In the worst case scenarios GDP is anticipated to fall, significantly constricting the economy and reducing market access to capital. This may reduce prospect liquidity in the marketplace, reducing the opportunities available to XPS and its revenue streams. The impact of this risk is likely to affect the long-term horizon, particularly post-2050. XPS response and forecast: Pensions products offered by XPS are required by statute and, therefore, somewhat resilient to recessionary pressures. Fluctuations in market liquidity present both challenges and prospects for the business. Access to capital within markets may be reduced; however, XPS does not anticipate the impact preventing the Group from creating value. The XPS strategy is to continue to diversify its client base and product offering to best protect its revenue streams. By maintaining operational and financial resilience XPS is well positioned within its competitive landscape to capitalise on opportunities and any available market capacity and, where appropriate, make strategic acquisitions. The risk is not anticipated to materially impact XPS Group's ability to generate value. The Board monitors revenue streams and market conditions and indicators as an input into decision making, strategy and capital planning.
Climate-related weather events			L	Risk/opportunity: An increase in global extreme weather events causes damage to assets and interrupts supply and demand chains. XPS response and forecast: The UK, and by virtue XPS, is not expected to be subject to the worst impacts of climate change. There is a risk that supply chains are interrupted impacting business continuity and potentially resulting in price instability. Likely disruption to the XPS supply chain is not anticipated to materially impact XPS's ability to provide services or create value. In extreme weather events, supplier activities are monitored by the Board as part of the supplier management process and overarching strategy.

The risks identified by the Group are anticipated to be consistent across the Company's operational and geographical operations. XPS does not consider access to capital likely to be a material risk in relation to climate change. Potential acquisitions and investments are assessed to ensure alignment with the Group's appetite, strategy and objectives, such as Polaris which was acquired in February 2025.

The business commits to budgeting finances appropriately as required.

Protecting our environment continued

XPS scenario resilience

TCFD strategy (B & C)

XPS utilises scenario analysis and modelling to understand how a number of distinct scenarios may adjust the risks and opportunity profile of the Group and how those elements may materialise differently in varying scenario iterations. Further, the analysis takes steps to identify how XPS's own strategy may interact with risks and present opportunities across time horizons up until 2080 which the Board utilises to inform key business decisions.

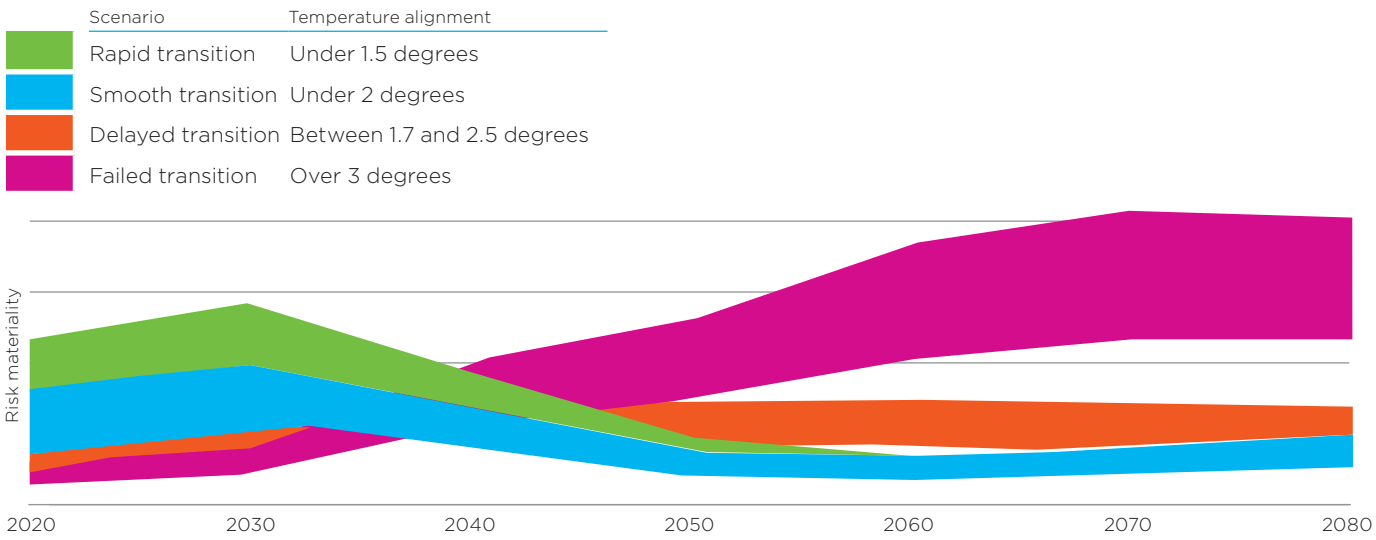
The XPS Group's scenario analysis modelled four scenarios developed by the Network for Greening the Financial System (NGFS) which the Group considers to be the most likely to occur given the current economic, political and scientific position. This includes orderly transitions limiting warming to 1.5 and 2 degrees respectively, a disorderly delayed transition limiting warming to 1.5 degrees and a "hot house world", reflecting a warming greater than 3 degrees. XPS has adopted the associated NGFS assumptions regarding policy, technology, carbon removal and variation in each scenario.

The XPS scenario analysis considers a multitude of impacts in each scenario including changes in regulation, market conditions and asset status, assessing the magnitude of each impact individually across seven key operational areas (including business continuity, access to capital, profit and products and services). The likelihood of the impact materialising is further assessed in each decade to 2080. Each scenario is modelled in at least two distinct interactions culminating in 400 data points per scenario facilitating greater data granularity and sensitivity. The Risk Management Framework's risk terminology, likelihood and assessment criteria is applied to all scenario calculations resulting in a largely qualitative assessment. This allows XPS to plot and understand high-level risk materiality and exposure across time horizons. The Board uses this information as an input to understand the potential long-term impact of business decisions.

The XPS scenario assessment indicates that a smooth and orderly transition that limits warming to 2°C may offer XPS the most favourable operating environment up until 2080. XPS anticipates operating resiliently within this scenario with immaterial adverse impact to revenue, transitional cost and activities, operational conditions, asset status or product offering. The risk to the Group within this scenario has been assessed to be low. The same analysis indicates that a failed transition is likely to present the least favourable operating conditions up until 2080. XPS recognises the impact to the global markets may be significant and largely unpredictable in this instance. Pensions are inherently stable and the product is robust to withstand changes in the scenarios. It is unlikely that a material change in either value creation or cost to XPS shall occur.

XPS expects to maintain its sustainable strategy in all scenarios identified and modelled, including a failed transition. XPS considers the business to be resilient to the plausible physical risks of climate change, rating the impact as financially immaterial in each scenario. The transitional risk to the Group is considered to be low but emerging and monitored as a key input in all scenarios.

Scenario analysis corridor graph



Monitoring and advocating progress

TCFD metrics and targets (A & C)

Climate as an input

By delivering the XPS Sustainability Strategy, XPS can better manage related risks and capitalise on opportunities. This is facilitated by effectively embedding climate as an input to business decisions, policies and activities. Relevant senior business leaders provide the Board with appropriate operational metrics, inputs and data points (as per the reporting structure detailed on page 36), which provide the Board with oversight of the Group's granular performance, informing strategic and operational decisions.

Key climate metrics, performance indicators and inputs that are provided to the Board include the following, which XPS considers as the most valuable measures of the Group's climate risk and performance:

- Carbon emissions in both absolute and intensity-based ratios, calculated and reported both in an aggregate and disaggregate fashion which includes the following key sub performance indicators:
  - Renewable energy proportion and deployment across the Group.
  - The Group's kWh consumption which includes the delivery of the Group's low-energy lighting objective.
- The Group's certification status.
- Sustainable product selection within the Group's investment products.
- Compliance and instances of environmental and/or climate breaches.

XPS has not implemented an internal carbon price but the business continues to monitor the implementation in the industry.

10% of each annual executive award is tied directly to the Group's Scope 1 and Scope 2 performance. This award is in place for the three-year period to the end of FY 2026 where it will be reviewed.

Creating community value

In FY 2025 XPS supported two global projects that promote the Group's overarching environmental and sustainable development values. The projects, based in Panama and Rwanda respectively, provide tangible environmental and climate benefits alongside positive social and economic outcomes for local communities. XPS supported the projects with the acquisition and retirement of carbon credits, verified by Gold Standard.

Business carbon performance update – decoupling our growth and environmental impact

Significant progress has been made by the Group in the FY–2025 financial year including driving the Group's Scope 1 and 2 revenue and FTE intensities down by 35% and 31% respectively year on year. This achieves an absolute reduction of more than 60% to the Group's restated FY–2020 base year. The Group considers that this is on track to achieve its 100% renewable energy objective by 2030. As of 31 March 2025, 88% of XPS facilities (13 out of 16) are supplied with certified renewable energy representing 69% of the Group's square footage and 79% of all kWh consumed within our premises during the FY–2025 year. Additionally, to reduce on site energy consumption, XPS has developed a number of strategies including an objective to transition the entire lighting stock within the Group to LED or low-energy alternatives by December 2026 which is supported by a formal action plan, as part of the Group's ongoing ESOS programme. XPS has made significant progress on this objective to date, transitioning over 75% of the Group's lighting to low-energy alternatives as at 31 March 2025.

Overall revenue intensity for all disclosed emissions also fell by 4% year on year and 51% in comparison to the restated FY–2020 base year. Within Scope 3 emissions XPS has observed an anticipated increase in commuting emissions as a result of a change in employee commuting habits and an increase in full-time equivalent (FTE) employees. This has been reflected in a small year on year FTE intensity increase for all disclosed Scope 1, 2 and 3 emissions of 2%.

This data is encouraging in relation to the Group's net zero objective, demonstrating that XPS is successfully decoupling carbon emissions and business growth. XPS remains confident that it is able to further disconnect its growth from carbon emissions and drive its absolute volume of emissions down by activating internal levers and implementing further policy within the business.

Further details on the Group's carbon reporting and SECR disclosure can be found on **page 43**

Protecting our environment continued

Monitoring and advocating progress continued

TCFD metrics and targets (A & C) continued

The XPS Transition Plan

XPS has pledged to reduce its emissions to a level consistent with the global ambition of limiting warming to a maximum of 1.5 degrees. The Group has formally committed to the Science Based Targets initiative (SBTi). The XPS carbon inventory is prepared in accordance with the GHG Protocol, SECR and SBTi requirements and has been informally validated by external expert consultancy.

XPS expects that the SBTi shall verify its near-term science-based targets (up to and including 2035) in FY 2025. The XPS Transition Plan is pending approval until verified. The current Transition Plan has established objectives across its carbon inventory that, in combination, achieve operations in accordance with a science-based net zero as defined by the Intergovernmental Panel on Climate Change (IPCC).

In the short term XPS is focused on reducing its direct facility-related electricity emissions by 100% by 2030, sourcing 100% renewable energy. XPS targets a 100% gas heating-related emission reduction by 2035 with proactive property selection and development.

In the long term XPS will adopt a strategy to reduce indirect emissions where available, influencing internal culture and habits. Due to the nature of indirect emissions the Group will be reliant on UK infrastructure and suppliers delivering upon their own ambitions. A focused approach to supplier and product selection will support the Group's related objectives in this area.

XPS currently forecasts a reduction of more than 90% of its absolute baseline emissions by 2050 with the residual absolute emissions expected to be removed or captured. This will achieve the IPCC and SBTi definition of net zero. The cost and effectiveness of carbon sequestration remain to be seen and are managed as a risk to the business as discussed within the XPS Environmental Risk Landscape section on page 37.

Restating historic performance data

Making meaningful comparisons of emissions data over time is an integral part of any corporate net zero journey that aims to be credible, transparent and valuable to stakeholders. XPS selected FY 2020 as its base year for carbon-related calculations as it represented the first typical year with reasonable extrapolatable data. XPS carbon maturity and capacity have significantly developed in the intervening period between disclosures alongside our understanding of our operations. Whilst XPS's historic disclosures remain compliant, XPS is now in a position to provide carbon-related emission data that presents a more complete and accurate representation of the Group's true emissions. This includes the adjustment of emissions to reflect a greater level of accuracy, reliability and better data alignment for comparability.

XPS acknowledges that the scientific approach to carbon accounting will continue to develop and it is highly likely further restatements will occur in the future as accuracy and access to information continue to develop.

XPS intends to publish further voluntary Scope 3 emissions post-verification of the Group's SBTi objectives.

SECR carbon disclosure

TCFD metrics and targets (B)

Emission source	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Scope 1	**198.26**	208.20	243.59	236.24	236.01	232.35
Direct combustion kWh	**1,078,243.12**	1,111,287.95	1,327,752.01	1,283,082.43	1,278,690.63	1,259,409.94
Direct combustion tCO_2e	**197.21**	203.29	242.37	235.01	235.11	231.54
Fugitive emissions tCO_2e	**1.05**	4.91	1.22	1.23	0.89	0.81
Scope 2[1]	**45.47**	116.22	184.64	435.53	347.45	442.15
Imported energy kWh	**1,283,785.71**	1,434,334.74	1,648,044.08	2,136,977.54	2,016,420.74	1,980,755.23
Imported energy location based tCO_2e	**265.81**	297.01	318.70	453.74	470.11	506.28
Imported energy market based tCO_2e	**45.47**	116.22	184.64	435.53	347.45	442.15
Scope 3[2]	**1,445.38**	1,184.66	1,177.99	962.44	863.43	1,085.02
Category 3: business travel tCO_2e	**294.42**	199.86	162.29	62.24	21.35	245.34
Category 7: employee commuting tCO_2e	**434.84**	266.39	358.68	194.20	63.57	801.60
Category 7: remote working tCO_2e	**716.12**	718.41	657.03	705.99	778.50	38.08
Carbon intensity ratios						
Revenue intensity – Scope 1 & 2 (tCO_2e/£m)[3]	**1.05**	1.63	2.57	4.83	4.56	5.62
Revenue intensity – Scope 1, 2 & 3 (tCO_2e/£m)[2, 3]	**7.29**	7.58	9.64	11.76	11.30	14.66
FTE intensity – Scope 1 & 2 (tCO_2e/FTE)[3]	**0.13**	0.19	0.27	0.47	0.44	0.56
FTE intensity – Scope 1, 2 & 3 (tCO_2e/FTE)[2, 3]	**0.90**	0.88	1.02	1.13	1.09	1.46

1 Imported energy-related emissions are calculated in accordance with both the market-based and location-based methodologies in accordance with the GHG Protocol and SECR guidance.

2 Scope 3 greenhouse gas emission disclosure is voluntary. XPS currently discloses Category 3 and Category 7 emissions as part of the Group's voluntary disclosure. The Group currently does not disclose other Scope 3 categories.

3 Scope 2 emissions within this calculation reflect market-based energy emissions.

These emissions are being restated as part of the Group's ongoing continual improvement programme. (See page 42)

All activities are UK based. tCO_2e = tonnes of CO_2 equivalent. All conversion to carbon is based on current Department for Energy Security and Net Zero (DESNZ). Calculations are made in accordance with the SECR guidance and the GHG Protocol. FTE = full-time employees as at 31 March 2025. Scope 1 and 2 emissions include all sources as required by SECR guidance. Scope 3 emissions include all emissions relating to XPS business travel, commuting of XPS staff to their place of work and remote working-related energy consumption of XPS staff.

Looking ahead

In FY 2026 XPS anticipates certifying seven additional sites within the official ISO 14001 scope and having its medium-term net zero objectives (up to and including 2035) approved by SBTi, communicating the Group's environmental and climate effectiveness for today and for the future.

Protecting our environment continued

Climate and environmental risk TCFD statement

The Group considers its operations to be well equipped, prepared and resilient to deal with the emerging risk of climate change. XPS considers the risk to be emerging as the true impact cannot currently be fully economically or financially understood or quantified at this time. The business continues to recognise the need to manage its climate and environmental risk responsibly to maintain operational effectiveness and achieve long-term societal sustainability. XPS anticipates that the impact of climate change and the associated risk are likely to be immaterial to the Group. The Group remains confident that it is prepared and adaptable to addressing emerging climate-related regulation and considers the impact to be immaterial.

Statements and disclosure throughout this report reflect conformance with all 11 recommendations of TCFD (pursuant to LR 9.8.6 R (8)). The index below directs readers to key specific relevant disclosures within this section and throughout this report; however, this section should be read in conjunction as disclosure elements are present throughout.

	Governance	
✓	a) Describe the board's oversight of climate-related risks and opportunities.	See Climate and Environmental Risk Governance on page 36
✓	b) Describe management's role in assessing and managing climate-related risks and opportunities.	See Effective Climate Risk Management on page 36 and Climate and Environmental Risk Governance on page 36
	Strategy	
✓	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	See XPS Climate Risk Horizons on page 37
✓	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	See Potential Impact of Climate-related Risks and Opportunities on pages 38 and 39 See Climate as an Input on page 41
✓	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	See XPS Scenario Resilience on page 40
	Risk management	
✓	a) Describe the organisation's processes for identifying and assessing climate-related risks.	See Effective Climate Risk Management on page 35 See Risk Management on pages 52 to 58
✓	b) Describe the organisation's processes for managing climate-related risks.	
✓	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
	Metrics and targets	
✓	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	See Monitoring and Advocating Progress on page 41
✓	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	See Carbon Metrics on page 43
✓	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	See Climate and Environmental Risk Governance on page 36 See Monitoring and Advocating Progress on page 41

✓ – fully compliant with TCFD recommendations ✗ – partially or non-compliant with TCFD recommendations

This section of the Annual Report and Accounts constitutes the XPS Group's Non-Financial and Sustainability Information Statement, produced to comply with Sections 414CA and 414CB of the Companies Act 2006.

The following table sets out where, within our Annual Report and Accounts, we provide further detail on matters required to be disclosed under the sections above. In particular, it covers the impact we have on the environment, our employees, social matters, human rights, anti-corruption and anti-bribery matters, policies pursued and the outcome of those policies, and principal risks that may arise from the Company's operations and how we manage these, to the extent necessary for an understanding of the Company's development, performance and position and the impact of its activity.

Reporting requirement	Relevant policies[1], documents, or reports that set out our approach	Section(s) and page(s)
Anti-bribery and corruption	• Bribery and gifts policy • Whistleblowing policy • Financial crime policy	See our "Being a Responsible Business" section on page 34
Business model		Business model, see pages 6 and 7
Employees	• Recruitment and selection policy • Inclusion and diversity policy • Flexible working policy • Harassment and bullying prevention policy • Grievance policy • Health and safety policy • Agile working policy • Family friendly policy • Sabbatical policy	See our "Empowering Our People to Thrive" section on page 26 to 29
Environmental matters	• Environmental policy	See our "Protecting Our Environment" section on pages 35 to 44
Description of principal risks and impact on business activity		See "Principal Risks and Uncertainties" section on pages 52 to 58
Respect for human rights	• Data privacy policy • Modern slavery policy • Information & cyber security policy	See our "Being a Responsible Business" section on page 34 and our website www.xpsgroup.com/modern-slavery-statement
Social matters	• Matched fundraising Policy • Corporate volunteering policy • Community Giving Policy	See our "Strengthening Our Communities" section on pages 30 and 31
Non-financial key performance indicators		Operating responsibly for all our stakeholders, see page 26 to 35

1 Group policies are regularly reviewed and ExCo monitors adherence.

Third consecutive year of double digit growth in key metrics

Snehal Shah
Chief Financial Officer

We are proud to have delivered the third consecutive year of double-digit percentage growth in revenues and operating profits."

It has been another strong year for the Group, with revenue growing by 18% and adjusted EBITDA growing 27% year on year. The Administration business has performed particularly well, alongside strong performances within Actuarial and Consulting and SIP. The investment business has shown a small decline, which had been expected following strong growth in prior years partially driven by the LDI crisis. The Group's operational gearing continues to improve, with adjusted diluted EPS and adjusted EBITDA growth exceeding revenue growth for the third year in a row. We made a strategic acquisition in the year of Polaris Actuaries and Consultants Ltd, which will accelerate growth into the insurance consulting market. We continue to develop and roll out our own administration platform - Aurora, which is starting to contribute to our operational gearing, and will continue to do so in the future.

Group income statement

	Adjusted[1]			As reported		
	FY 2025 £m	FY 2024 £m	Change %	**FY 2025 £m**	FY 2024 £m	Change %
Revenue						
Actuarial & Consulting	**106.1**	93.4	14%	**106.1**	93.4	14%
Investment Consulting	**19.4**	20.3	(4%)	**19.4**	20.3	(4%)
Total advisory	**125.5**	113.7	10%	**125.5**	113.7	10%
Administration	**93.7**	71.9	30%	**93.7**	71.9	30%
SIP	**12.6**	11.0	15%	**12.6**	11.0	15%
NPT	**—**	—	—	**—**	2.8	(100%)
Total revenue	**231.8**	196.6	18%	**231.8**	199.4	16%
EBITDA	**69.7**	54.8	27%	**58.0**	79.8	(27%)
Depreciation & amortisation	**(6.8)**	(5.8)	(17%)	**(13.8)**	(12.8)	(8%)
EBIT[1]	**62.9**	49.0	28%	**44.2**	67.0	(34%)
Net finance expense	**(3.4)**	(4.5)	24%	**(3.4)**	(4.5)	24%
Profit before tax	**59.5**	44.5	34%	**40.8**	62.5	(35%)
Income tax expense	**(14.4)**	(11.4)	(26%)	**(10.4)**	(8.3)	(25%)
Profit after tax	**45.1**	33.1	36%	**30.4**	54.2	(44%)

1 Adjusted measures exclude the impact of exceptional and non-trading items: acquisition-related amortisation, share-based payments, corporate transaction costs, restructuring costs and other items considered exceptional by virtue of nature, size and incidence. In FY 2024 they also exclude the Group's NPT business, which was sold in November 2023, and the related gain on disposal. See note 5 for details of exceptional and non-trading items, and table one of the appendix to this report for the prior year reconciliation to exclude the NPT business.

Revenue

Total Group revenues grew 16% year on year. Excluding NPT which was sold in November 2023, Group revenues grew 18% year on year.

Advisory had another strong year with 10% year on year growth in revenues. Within that, Actuarial & Consulting achieved 14% year on year growth in revenues, due to high client activity levels driven by continued regulatory changes, demand for our risk transfer and GMP services as well as other project work, and inflationary increases in fees.

Investment Consulting showed a decrease of 4% year on year, due to the normalisation of activity levels after two years of very strong growth in which revenues had grown 46%.

Administration revenues grew 30% year on year with the onboarding of a large new first-time outsource client and high levels of project work, such as GMP equalisation and the McCloud judgement rectification. Inflationary increases in fees also helped to drive the growth in the year. Administration accounted for 40% of the Group revenues (FY 2024: 36%). The McCloud remedy project contributed to significant growth this year and with the passing of the statutory deadline of 31 March 2025 for the majority of the remedy work to be completed, we will be lapping tough comparators next year.

SIP revenues were up 15% on the prior year, due to strong underlying sales and our placement on the St James's Place panel.

Operating costs

Total operating costs (excluding exceptional and non-trading items) of £168.9 million (FY 2024: £147.6 million)[1] grew by 14% year on year. The main drivers for the cost increases are an increase in headcount as the business grew (1,901 FTE vs. 1,712 last year), inflationary/market-driven pay increases, higher bonus cost commensurate with the strong financial performance, investment in Insurance Consulting and inflationary increases in other operating costs.

Adjusted EBITDA

Despite another year of inflationary pressures on our costs, the Group has delivered further operational gearing with adjusted EBITDA growing by 27% year on year – ahead of the Group adjusted revenue growth of 18%. Adjusted EBITDA margin was 30.1% (FY 2024: 27.9%). The margin improvement has been delivered through a mix of business effect including higher risk transfer activity and the one-off McCloud remedy project which was delivered very efficiently through the use of our proprietary administration platform Aurora, as well as disciplined cost management. After normalising for the one-off impact of some of this higher margin project work, profit margin improved in-line with our plan, and we expect this improvement to continue going forward.

Adjusted profit before tax grew by 34% year on year benefiting from the strong revenue growth and continued operational gearing.

Exceptional and non-trading items

Exceptional and non-trading items in the year totalled £18.7 million (FY 2024: £15.0 million excluding the gain on sale of NPT). Amortisation of acquired intangible assets amounted to £7.0 million (FY 2024: £7.0 million).

Share-based payment charges were £8.8 million (FY 2024: £6.4 million) with a higher National Insurance charge resulting from the Group's strong share price, and the increase in employer's National Insurance due to take effect from April 2025.

The Group also incurred corporate transaction costs of £1.8 million in the year, £1.2 million of acquisition-related remuneration in respect of the acquisition of Penfida Limited, and £0.9 million of acquisition-related remuneration related to the Polaris acquisition (FY 2024: acquisition-related remuneration of £1.7 million in relation to the acquisition of Penfida Limited). All acquisition-related remuneration relating to Penfida has now been paid, following the second anniversary of the acquisition in September 2024. £9.2 million of the cash upon completion relating to Polaris included a continuing employment clause, as does the further payment of up to £35 million payable in three years' time , which is also contingent upon achievement of certain stretching business objectives. As continued employment is one part of the contingent consideration test, according to IFRS 3, these amounts must be treated as a post-transaction employment cost accruing over the deferment period of three years. An amount, therefore, has been recognised in FY 2025 representing the acquisition-related remuneration expensed in the year. These amounts are material in size and one-off in nature and will continue to be for the next three years. These amounts will continue to be classified within the exceptional category in line with the Group's accounting policies. If the entire contingent acquisition-related remuneration is not payable at the end of the three-year period, any resulting credit will also flow through the exceptional category.

Due to the treatment under IFRS 3 discussed above for a large element of the consideration for the acquisition of Polaris, the accounting consideration was significantly smaller than the cash paid and expected cash outflow of the payment due in three years. As a result, a gain on purchase has been recognised in the year of £1.0 million. This credit arises directly from the Polaris acquisition and does not reflect the performance of the Group. Accordingly, under the Group's accounting policies, this has been classified as an exceptional item.

Tax on the non-trading items was a credit of £3.9 million (FY 2024: £3.2 million). This is driven by the unwinding of deferred tax liabilities linked to intangible assets acquired in previous periods, and tax relating to share-based payments.

The prior year figures include an exceptional gain of £34.6 million on the disposal of the NPT business, which was sold in November 2023. The exceptional gain was offset by related corporate transaction fees of £2.1 million in the year.

Net finance costs

Net finance costs for the year were £3.4 million (FY 2024: £4.5 million). The decrease is due to the significantly lower loan balance throughout most of FY 2025 compared to the prior year – the loan balance was significantly reduced in November 2023 following the sale of the NPT business and remained at a lower level until February 2025.

Taxation

A tax charge of £14.3 million (FY 2024: £11.5 million) was recognised on adjusted profits. This represents an effective tax rate of 24% (FY 2024: 26%). The Group also recognised a tax credit of £3.9 million (FY 2024: £3.2 million) on exceptional and non-trading items, which resulted in an overall tax charge for the year of £10.4 million (FY 2024: £8.3 million). The strong performance in trading drove the increase in tax charges in the year compared to the prior year.

Our businesses continue to generate considerable tax revenue for the UK government. For the year ended 31 March 2025, we paid corporation tax of £11.2 million (FY 2024: £11.3 million); we collected employment taxes of £36.5 million (FY 2024: £32.1 million) and VAT of £36.9 million (FY 2024: £31.9 million). Additionally, we have paid £1.3 million (FY 2024: £1.3 million) in business rates. The total tax contribution of the Group was, therefore, £85.9 million (FY 2024: £76.6 million), which equates to 37% of revenue (FY 2024: 38%).

EPS

Basic EPS for FY 2025 decreased by 44% year on year to 14.7p (FY 2024: 26.2p) – the decrease is due to the gain on disposal of NPT in the prior year. Basic EPS for the prior year excluding the gain on disposal of the NPT business was 10.5p which gives growth in the year of 40%.

Adjusted fully diluted EPS grew 36% year on year to 20.6p in FY 2025 (FY 2024: 15.1p), driven by strong revenue growth as well as continuing delivery of operational gearing in the business.

Dividend

A final dividend of 8.2p is being proposed by the Board (FY 2024: 7.0p). The final dividend, which amounts to £17.0 million (FY 2024: £14.6 million), will be paid on 22 September 2025 to those shareholders on the register on 22 August 2025.

Cash flow, capital expenditure and financing

Non-GAAP cash flow	**31 March 2025 £m**	31 March 2024 £m
Operating		
Adjusted EBITDA	**69.7**	55.3
Change in net working capital[1]	**(3.0)**	2.4
Adjusted operating cash flow (OCF)[2]	**66.7**	57.7
OCF conversion	***96%***	*104%*
Financing & tax		
Net finance expense	**(3.5)**	(4.3)
Taxes paid	**(11.2)**	(11.3)
Proceeds from/(repayment of) loans	**31.0**	(44.0)
Repayment of lease liabilities	**(2.0)**	(2.7)
Share-related movements	**(19.7)**	(7.7)
Net cash flow after financing	**61.3**	(12.3)
Investing		
(Acquisition)/disposal	**(24.1)**	34.5
Capex	**(8.2)**	(7.5)
Net cash flow after investing	**29.0**	14.7
Dividends paid	**(22.2)**	(18.0)
Exceptional items	**(2.1)**	—
Movement in cash	**4.7**	(3.3)
Net debt[3]	**40.3**	14.0
Leverage	**0.57x**	0.27x

1 Change in net working capital exclusive of corporate transaction costs detailed in note 5.

2 Appendix 2 provides a reconciliation of this figure to the operating cash flow presented in the consolidated financial statements.

3 Net debt constitutes long-term borrowings and contingent consideration, less cash. See note 22 to the consolidated financial statements for a reconciliation of this figure.

The Group has demonstrated strong cash management in the year. Adjusted operating cash flow increased by £9.0 million, driven by a £14.4 million increase in adjusted EBITDA offset with a £5.4 million decrease in net working capital year on year. This decrease was expected due to the timing of billing in the year and the prior year on project work. Overall, this resulted in adjusted operating cash flow conversion of 96% compared to 104% in the prior year.

Taxes paid in the year of £11.2 million (FY 2024: £11.3 million) were lower than the prior year, due to tax adjustments for prior years computed during the year.

During the year, the Group drew down £31.0 million of the revolving credit facility (RCF), predominantly to fund the acquisition of Polaris Actuaries and Consultants Limited (FY 2024: repayment of £44.0 million). Interest paid on the loan balance amounted to £2.3 million (FY 2024: £3.9 million), £0.3 million was paid on interest relating to leases in the year (FY 2024: £0.3 million), and loan arrangement fees paid amounted to £1.0 million (FY 2024: £0.2 million). Offsetting this was £0.1 million of interest income received (FY 2024 £0.1 million). Capital expenditure in the year amounted to £8.2 million (FY 2024: £7.5 million) with £2.1 million spent on leasehold improvements and office fit-outs and the remaining £6.1 million on software development, enhancements to our platforms, cyber security, and other IT equipment. £2.0 million relating to leases was paid in the year (FY 2024: £2.7 million).

In February 2025 the Group acquired Polaris Actuaries and Consultants Limited for cash consideration of £13.8 million, and prepaid acquisition-related remuneration of £9.2 million. A further amount of up to £35 million is due to be paid in three years' time, which is payable contingent upon achieving stretching business targets as well as continued employment. Due to the continuing employment clause, under IFRS 3 this amount has been treated as acquisition-related remuneration. £1.1 million of costs relating to the Penfida acquisition in a previous year were also paid in the year. In November 2023, the Group sold its NPT business for cash consideration of £35.0 million, and an additional £2.0 million in respect of the completion balance sheet; £2.1 million was paid out in transaction-related fees, and a further £0.4 million was paid out relating to contingent consideration for prior year acquisitions.

The Group spent £18.7 million (FY 2024: £5.6 million) on acquiring its own shares via its EBT, to be used to settle employee share options as they vest. £0.6 million (FY 2024: £0.6 million) was paid to employees as dividend equivalents on the vesting of share options as well as incurring £1.3 million of employer's National Insurance (FY 2024: £1.5 million). Offsetting this was £0.9 million of cash received from employees on the exercise of SAYE options. After paying £22.2 million in dividends, and £2.1 million in exceptional costs relating to the Polaris acquisition, the Group cash balance increased by £4.7 million year on year to close at £14.7 million. The Group had drawn down £55.0 million of its £120 million RCF at 31 March 2025, resulting in net debt of £40.3 million, an increase of £26.3 million year on year.

Going concern

Details on the Directors continuing to adopt the going concern basis in preparing the financial statements can be found in the Viability Statement in the Strategic Report in the Annual Report. The Directors have confirmed that, after due consideration, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Subsidiary undertakings

The subsidiary undertakings of the Group in the year are listed in note 33 in the Annual Report.

Snehal Shah
Chief Financial Officer
18 June 2025

Appendix: Reconciliation of reported/statutory results to alternative performance measures (APMs)

In order to assist the reader's understanding of the financial performance of the Group, it continues to present a range of results metrics to demonstrate its performance. These include those presented in accordance with International Accounting Standards (IFRS) and APMs. APMs exclude specific exceptional and non-trading items as set out in note 5 of the consolidated financial statements.

An explanation of the Group's key APMs has been detailed below:

APM	Closest equivalent statutory measure	APM definition and purpose
Adjusted EBITDA excluding the NPT business	Profit/loss from operating activities	**Definition:** Earnings before interest, tax, depreciation and amortisation excluding exceptional and non-trading items and excluding the NPT business disposed of in November 2023. **Purpose:** A recognised APM which has been central to the business over many years and through different ownership structures. It allows the Group to monitor the underlying trading performance of the business without the impact of external and exceptional and non-trading factors distorting the figures.
OCF conversion	Net cash from operating activities	**Definition:** The conversion of adjusted EBITDA into cash. **Purpose:** Measures how well the Group is managing its operating cash flows. Unlike net cash from operating activities, it excludes the impact of tax and exceptional and non-trading items and, therefore, allows for a direct and like-for-like comparison to the Group's key profit-related APM, adjusted EBITDA.
Adjusted diluted EPS excluding the NPT business	Diluted earnings per share	**Definition:** Reflects the profit after tax, adjusted to remove the impact of exceptional and non-trading items and the NPT business disposed of in November 2023. Details of this can be found in note 5 as well as in the reconciliations on the following page of this Chief Financial Officer's Review. **Purpose:** Presents an EPS measure used more widely by investors and analysts and more in line with how the Group's dividends are calculated.
Leverage	Cash and cash equivalents	**Definition:** Leverage ratio showing the amount of third-party debt excluding leases (net of cash held) relative to the last twelve months adjusted pro-forma EBITDA. **Purpose:** Management can measure exposure to reliance on third-party debt. Leverage is the key measure in reporting to the Group's banks and driving the interest rate margin which is added to SONIA to determine the all-in rate payable.

A reconciliation of the Group's APMs to their closest statutory measures has been provided below:

1. Adjusted EBITDA excluding NPT

	31 March 2025 £m	31 March 2024 £m
Profit from operating activities	**44.2**	67.0
Depreciation and amortisation	**13.8**	12.8
Gain on disposal of NPT business	**—**	(32.5)
Other exceptional and non-trading items	**11.7**	8.0
Adjusted EBITDA excluding gain on disposal of NPT business	**69.7**	55.3
Trading EBITDA in respect of NPT business	**—**	(0.5)
Adjusted EBITDA excluding NPT	**69.7**	54.8

2. OCF conversion

	31 March 2025 £m	31 March 2024 £m
Profit from operating activities	**44.2**	67.0
Depreciation and amortisation	**13.8**	12.8
Other exceptional and non-trading cash items[1]	**11.7**	8.0
Gain on disposal of NPT business	**—**	(32.5)
Trading EBITDA	**69.7**	55.3
Net cash from operating activities	**41.8**	42.9
Income tax paid	**11.2**	11.3
Cash exceptional and non-trading items[2]	**13.7**	3.5
Adjusted operating cash flow	**66.7**	57.7
OCF conversion	**96%**	104%

3. Adjusted diluted EPS excluding NPT

	31 March 2025 £m	31 March 2024 £m
Profit after tax and total comprehensive income for the year	**30.3**	54.2
Adjustment for exceptional and non-trading items (net of tax)[1]	**14.8**	(20.7)
Profit after tax from operating activities for NPT business	**—**	(0.4)
Adjusted profit after tax excluding NPT	**45.1**	33.1
Dilutive weighted average number of shares ('000)	**219,437**	219,621
Adjusted diluted EPS excluding NPT (pence)	**20.6**	15.1

4. Leverage

	31 March 2025 £m	31 March 2024 £m
Cash and cash equivalents	**14.7**	10.0
Bank debt	**(55.0)**	(24.0)
Contingent consideration	**—**	—
Net debt[3]	**(40.3)**	(14.0)
Trading EBITDA	**69.7**	55.3
Impact of IFRS 16 ignored for bank covenants purposes[4]	**(3.3)**	(3.0)
Pro-forma impact of M&A transactions in year[5]	**4.5**	(0.5)
Adjusted EBITDA for covenant	**70.9**	51.8
Leverage	**0.57x**	0.27x

1 See note 5 of the consolidated financial statements.

2 This is the cash element of exceptional and non-trading items: National Insurance on share-based payments (note 12 of the consolidated financial statements)), the prepaid Polaris consideration of £9.2 million and transaction costs relating to the Polaris acquisition in note 6 (FY 2024: National Insurance on share-based payments, and transaction costs relating to the NPT disposal).

3 See note 22 of the consolidated financial statements.

4 The Group's banking facilities agreement ignores IFRS 16 for covenant test purposes. Debt excludes lease-related liabilities and to be on a consistent basis adjusted pro-forma EBITDA includes rent-related costs as an operating expense unlike in the statutory income statement where they are treated as depreciation of right-of-use assets with a related financing cost.

5 Pro-forma-related adjustments reflect the impact of M&A-related transactions as if they had been included for the whole financial year. The FY 2025 adjustment is to reflect the Polaris acquisition taking place on 1 April 2024 (i.e. it includes Polaris for the whole year). The FY 2024 adjustment is to reflect the NPT sale taking place on 1 April 2023 (i.e. it removes the EBITDA that the NPT business contributed between 1 April 2023 and the point it was sold on 20 November 2023).

Managing risk effectively

The Group deploys a comprehensive risk management and internal control framework, enabling it to identify and manage risk proactively, supporting the growth of the business. Effective risk management provides the Group with fully articulated risks, enabling it to identify and embrace opportunity.

XPS Group is inherently exposed to a wide range of risks which, should they materialise, could have a material impact on its financial performance, reputation or operational resilience.

Risk management highlights

Over the last year our risk management and internal controls frameworks have continued to operate effectively, enabling us to respond to the evolving risks inherent in our day-to-day operations, alongside supporting new opportunities and initiatives. The Group's risk environment is regularly reviewed by senior management alongside the internal control frameworks in place. This ensures that they continue to be effective, and enhancements to address changes in the external threat environment are considered. Internal and external assurance frameworks support this, ensuring regular, planned reviews to validate control design and effectiveness, as well as highlighting opportunities for further improvements. Cyber crime continues to be a key focus for senior management, recognising the threats to the Group from phishing, ransomware and supply chain attacks.

We continuously develop our risk management capabilities to support the Group and address the evolving threats in our market. Since the last report there have been a number of significant enhancements, including:

Reviewing existing risk and controls frameworks and assessments, taking into account the introduction of Provision 29 in the UK Corporate Governance Code. This includes workshops with senior management to review critical risks and identify material controls and developing the frameworks supporting these areas.

Development of the existing incident management frameworks to support the Group's ability to effectively respond to a significant cyber event. This includes developing the existing supporting documentation (BC plans, IT runbooks and incident-specific playbooks) and testing these up to, and including, Board level. We were also able to support our clients through a number of well received webinars on these topics.

Actively engaging with key change management programmes to ensure they effectively identify and manage key risks to the Group, as well as fully recognising potential opportunities.

Continuing to develop the existing Risk team and its capabilities, through supporting staff to develop into subject matter experts in their areas, alongside cross training to allow holistic risk management across multiple domains.

Supporting new initiatives, such as the adoption of Artificial Intelligence, highlighting the threats and opportunities and ensuring that they are being managed appropriately.

Enhancing the existing fraud prevention framework and fraud risk assessment in light of the "failure to prevent fraud" aspect of the Economic Crime and Transparency Act with support from external consultants. This includes developing a comprehensive view of fraud risk exposures across each business area and central functions.

Our Risk Management Framework

Risk Management Framework

Our Risk Management Framework (RMF), as illustrated in the diagram below, supports our Group-wide approach to risk management. This RMF is made up of several key components, providing clear governance and an effective risk management process that is supported by systems and consistent risk culture across the Group.

Risk strategy

XPS recognises the need to take risks to help its customers to achieve their objectives and achieve commercial success. We will seek to take risks where we have the skills to exploit that risk and manage it within risk appetite and avoid and minimise risks where it is unrewarded, or it cannot be well managed or understood.

Risk governance and three lines of defence

The Board of Directors has the ultimate responsibility for risk management and internal control, including for the determination of the nature and extent of the critical risks it is willing to take to achieve its strategic objectives.

The Group has established a committee governance structure (see below) at both the Board and management levels to provide oversight and challenge on the implementation of the policy and framework across all areas and risk types within the Group. The Group also applies the principles of the three lines of defence model in its risk management approach:

Board of Directors/Audit & Risk Committee

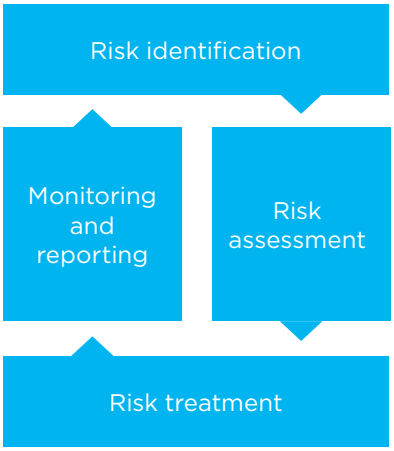
Senior management/Risk Management Committee

	Operational management First line	Risk management Second line	Internal audit Third line
Key activities	• Implement governance, risk and control frameworks • Measure and manage project performance • Manage risk (within agreed risk appetite)	• Design governance, risk and control frameworks • Monitor adherence to framework • Provide timely, balanced information	• Review framework application objectively • Offer independent oversight of first and second lines
Outcomes	**Control of risks**	**Confirmation of control effectiveness**	**Strategic overview of controls**

Enablers: System, process, people, culture

Risk management process

XPS uses an iterative risk management process (risk identification, risk assessment, risk treatment, monitoring and reporting) to help business areas and central functions actively manage all risks across the Group.



Risk register

The risk register incorporates a top-down Group risk register focusing on critical risks faced at the Group level and bottom-up registers, including risk registers for each business area and central function and a specialist risk register, which allow deep dives into a particular risk type.

Risk governance and three lines of defence continued

The Board, with the support of the Audit & Risk Committee, has identified the principal risks that could materially impact the Group's ability to achieve its objectives and deliver its strategy. These include general business risks that are faced by the Group and are comparable to those that would be faced by similar businesses operating in the same sector as the Group. These general business risks include:

- **Political/economic/social** – risks created by the political, economic/ financial and social environment in which we operate, e.g. war, demographic trends, pandemics, government influence on business, currency changes, market volatility, interest rates, or liquidity.
- **Competition** – risks of change to the demand side of the business due to changes in customer demands or competitors, likely to influence the entire industry, e.g. aggressive competitor pricing, consolidation trends, major technological innovation, or substitute technologies. These changes may not directly affect the Group but could influence the entire industry.
- **Legal and regulatory** – risks associated with the criminal and civil judicial processes and contract law, e.g. not identifying changes required by new legislation, increased litigation in a particular field, or industrial accidents.
- **Environmental** – risks associated with climate-related change, how these changes can impact business models and how businesses in turn can manage the impact of their operations on the environment.

Update on principal risks

Principal risks are defined as those risks that we determine to be "critical" to XPS as a business across the four pillars referenced in the updated Corporate Governance Code: operational, compliance, financial and reporting. These risks are owned and managed by a member of the senior executive team or senior management who has accountability for ensuring that the risk is effectively managed.

We recognised that it is good practice to regularly review our principal risk profile to ensure its relevance and in line with our strategies. Recently, the Board reviewed the principal risks in response to the introduction of Provision 29 in the UK Corporate Governance Code with the support of external advisors. The review focuses on identifying risks that are critical to XPS as a business, supporting a risk focused approach to identifying material controls.

The principal risks and uncertainties are detailed below. We disclose links to strategy, mitigating actions, updates for this year and key focuses for FY 2026 to manage the risk and improve internal control for each risk.

Links to strategy:

- Regulatory change
- Grow market share
- Expand services
- Mergers and acquisitions

Trend:

- Increased risk
- Stable
- Improving

Regulatory and legislative non-compliance

Link to strategy	Trend

Description
Failure to comply with regulatory requirements could result in regulatory penalties, reputational damage, and potential operational disruption (e.g. loss of licence to operate). The evolving regulatory landscape and changes in legislation exacerbates non-compliance risk. Critical regulatory compliance areas include:

- Financial Conduct Authority (FCA).
- Market Abuse Regulations (MAR).
- Anti-Money Laundering (AML).
- Occupational health & safety requirements.

Update
This risk remains unchanged from the prior year. We continue to monitor regulatory reporting and regulatory change.

Key mitigating action

- Horizon scanning to ensure that regulatory changes are interpreted correctly and responded to in a timely and adequate manner.
- Use of Insidetrack system to automatically manage insider list.
- Bespoke training on MAR responsibilities.
- Annual financial crime training for all staff and bespoke training for regulated businesses.
- Review between finance and risk to ensure that reports to the FCA are accurate.

Focus for FY 2026
Alongside the continuation of our existing key mitigating actions we will:

- Continue with our ongoing training programme on key compliance areas.
- Continue to enhance controls relating to AML reviews.

Client service delivery errors & claims

Link to strategy | **Trend**

Description
New or historic errors in client service delivery, both advice provided to clients or in pension administration, could result in legal claims, financial liabilities, reputational damage and loss of clients. Errors could be caused by staff, systems, processes or oversight issues.

Update
This risk remains unchanged from the prior year.

Key mitigating action
The Group recruitment process ensures only high-calibre staff are recruited, who are then supported by training programmes. Staff use standardised documented processes and checklists for key processes. Higher-risk work is identified with peer review and additional sign-off required, with regular quality audits to confirm processes are being followed correctly. There are also built-in controls in key business systems and authorisation processes for major transactions that require checks and sign-offs from senior members of the team. Insurance arrangements are in place to limit the loss should an error occur. Root cause analysis is used to identify where control improvements are required, which are monitored through to implementation.

Focus for FY 2026
Alongside the continuation of our existing key mitigating actions we will:

- Continue the enhancement of the root cause analysis as part of the claims management process.
- Continue to increase the coverage of automated controls embedded in systems.
- Continue to ensure that there are authorisation processes in place where manual checks are a substitute for system built-in controls.

Critical systems and disruption

Link to strategy | **Trend**

Description
Disruption to critical systems may arise from cyber-attacks, internal system failures, or third-party service disruptions. This disruption could lead to operational disruption, loss or theft of confidential data, increased costs for resolution efforts, regulatory penalties, reputational damage and loss of clients.

Update
This risk remains unchanged from the prior year. We will continue to monitor any potential threats to critical systems, especially cyber-attacks. Additional assurance is provided through the existing Cyber Essential Plus certifications and by having appropriate insurance policies in place.

Key mitigating action
The Group has an Information Security Management System (ISMS) in place to ensure that risks are identified and managed effectively. This includes a range of technical controls policies and procedures, supported by a dedicated Cyber Security team, and a 24/7 Security Operations Centre. These are supported by regular independent audits and penetration tests.

All staff are provided with comprehensive policies and guidance, with awareness of key topics reinforced with a programme of training and testing initiatives, e.g. phishing awareness. The Group has dedicated business continuity frameworks and capabilities to minimise the impact of incidents affecting the Group's data, facilities or systems. These frameworks include incident management capabilities to allow the Group to effectively co-ordinate and communicate with stakeholders in the case of a significant incident.

Focus for FY 2026
Alongside the continuation of our existing key mitigating actions we will:

- Continue to engage in threat intelligence by identifying the tactics, techniques and procedures that threat actors use to cause disruption.

Update on principal risks continued

Links to strategy:

- Regulatory change
- Grow market share
- Expand services
- Mergers and acquisitions

Trend:

- Increased risk
- Stable
- Improving

Sensitive data breach

Link to strategy | **Trend**

Description
A sensitive data breach may result from cyber-attacks, internal system vulnerabilities, process failures, or third-party breaches. This includes non-compliance with data protection regulations (including GDPR) in collecting, processing, storing, or using sensitive data. A sensitive data breach can lead to regulatory penalties, loss of licence to operate, reputational damage, and client attrition.

Update
The Group has continued to develop its capabilities, recognising the continued evolution of this risk. This risk remains unchanged from the prior year.

Key mitigating action
The Group has a range of data protection policies and processes in place, and has implemented robust controls to ensure that we are GDPR compliant. All staff are fully aware of these policies, with awareness of key topics reinforced with annual training and testing initiatives, e.g. phishing awareness.

The Group has an Information Security Management System (ISMS) in place to ensure that risks are identified and managed effectively. Additional assurance is provided through the Cyber Essential Plus certification and by having appropriate insurance policies in place. This includes a range of technical controls policies and procedures, supported by a dedicated Cyber Security team, and a 24/7 Security Operations Centre. These are supported by regular independent audits and penetration tests and purple team testing.

The Group has dedicated business continuity frameworks and capabilities to minimise the impact of incidents affecting the Group's data, facilities or systems. These frameworks include incident management capabilities to allow the Group to effectively co-ordinate and communicate with stakeholders in the case of a significant incident.

Focus for FY 2026
Alongside the continuation of our existing key mitigating actions we will:

- Continue to enhance threat assessment to ensure controls are addressing new and emerging threats.

Third-party or supplier disruption

Link to strategy | **Trend**

Description
XPS is reliant on critical third parties and suppliers. These critical third parties and suppliers are exposed to significant risks, such as cyber-attacks, data breaches and operational disruption. If these risks materialise, this could lead to XPS facing operational disruption, increased costs for resolution efforts, regulatory penalties, reputational damage and loss of clients.

Update
This risk remains unchanged from the prior year.

Key mitigating action
XPS operates a third-party management framework which ensures that all suppliers meet the necessary requirements to protect the information assets they may be given access to.

The Group has a formal selection process that ensures due diligence is carried out before access is granted to client information. XPS uses a supplier management platform to assist with managing its third-party suppliers and to ensure they comply with the standards required by XPS and its clients. The approvals and signing framework also ensures contracts include key risks relating to services provided and risks identified are managed and accepted prior to agreements being signed.

All third parties are reviewed prior to any access to information being granted and at regular intervals during the life of the contract, with key third parties being reviewed at least on an annual basis. We also regularly monitor service delivery, general governance and financial status of all key suppliers we contract with through ongoing performance review meetings.

Focus for FY 2026
Alongside the continuation of our existing key mitigating actions we will:

- Explore the use of AI technology to enhance and streamline the procurement and third-party risk management process.
- Leverage the use of the due diligence platform to better understand the information security, business and financial controls our suppliers have in place.
- Enhance the information XPS provides to clients around its information security controls through the implementation of a Trust portal.

Misappropriation of client funds

Link to strategy | **Trend**

Description
XPS employees (across advisory, administration, SIP divisions) could collude to commit large-scale fraudulent activities. This risk arises from factors such as opportunity (e.g. weak controls or oversight), motivation (e.g. financial difficulties), and rationalisation of fraudulent behaviour. Such activities could result in significant financial loss, regulatory penalties, loss of licence to operate, reputational damage, and client attrition.

Update
This risk remains unchanged from the prior year.

Key mitigating action
- Approval and signing matrix which sets out requirements and approval processes for major transactions.
- Automated controls built into systems that mandate segregation of duty.
- Bespoke training pathways to ensure that staff are appropriately trained for their roles.

Focus for FY 2026
We will continue to monitor the effectiveness of existing key mitigating actions.

Inaccurate internal financial information (budgeting & forecasts)

Link to strategy | **Trend**

Description
The financial information (BS, P&L, cash flow – budgets and forecasts) used to inform strategic decision making, investment decisions and operational planning could be inaccurate. Significant inaccuracies could result in poor strategic decision making, inefficient resource allocation and overall financial performance.

Update
The Group has continued to improve its budgeting and forecasting frameworks, supporting growth. This is evidenced by consistent delivery of financial results in line with or ahead of market consensus.

Key mitigating action
The Group has a highly qualified and experienced financial reporting team. There is an extensive financial controls framework in place and key controls are regularly tested by internal and external audits. The Group undertakes detailed bottom-up budgeting and reforecasting exercises with the final budget and reforecast approved by the Board.

Management information is published on a regular basis and the Executive Committee reviews the financial performance of the Group at least monthly. The Board receives and scrutinises the financial performance of the Group at each Board meeting.

Focus for FY 2026
We will continue to monitor the effectiveness of existing key mitigating actions.

Update on principal risks continued

Links to strategy:

- Regulatory change
- Grow market share
- Expand services
- Mergers and acquisitions

Trend:

- Increased risk
- Stable
- Improving

Strategic opportunity or execution mismanagement

Link to strategy | **Trend**

Description
There is a risk that XPS misses significant strategic opportunities or fails to adapt to an evolving market. This could be driven by ineffective identification or execution of strategic goals. This could result in reduced market share, diminished competitive advantage, and erosion of shareholder value.

Update
This risk remains unchanged from the prior year.

Key mitigating action
- Regular review and approval of projects from the Executive Committee.
- Monthly forums for each key project that monitor work stream progress, key milestones, lessons learned, bottlenecks, financial planning and budgeting, and action plans.
- Change management policy in place.
- Monthly executive committee meetings with strategy as a regular agenda.

Focus for FY 2026
We will continue to monitor the effectiveness of existing key mitigating actions.

Financial reporting risks

Link to strategy | **Trend**

Description
This risk focuses on the following risk areas in the financial reporting process:

- General risk of error leading to a material financial misstatement.
- Financial reporting fraud and management override of controls.
- Specific risk of judgemental error leading to material financial misstatement, especially in areas requiring significant management judgement and assumptions including alternative performance measures, valuation of goodwill and intangibles, accounting for significant projects such as merger and acquisitions, and the valuation of contract assets – accrued income within the unbilled element of pensions, investment and administration services.

Update
This risk remains unchanged from the prior year.

Key mitigating action
- The Group's Executive Committee meets each month to discuss the operational and financial performance of the business in an executive committee meeting. Detailed financial performance reports are produced by Finance supplemented by commentary from divisional/functional heads.
- Flash revenue and contribution results are reviewed on a figures call each month ahead of the executive committee meeting. The figures call is attended by the Co-CEOs, CFO, Group Financial Controller and the business unit heads as well as other members of the Finance team. This drives a focused agenda for the executive committee meeting.
- Monthly management accounts including detailed divisional financial analysis are produced by Group Finance and tabled at each monthly executive committee meeting.
- Monthly management accounts are submitted to the Board and discussed at the appropriate Board meeting.
- The executive team presents on financial and operational performance at all Board meetings. Divisional heads may also be invited to present where required.

Focus for FY 2026
We will continue to monitor the effectiveness of existing key mitigating actions.

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks are those listed above. The Directors do not believe there to be any additional emerging risks that are not already addressed within the Principal Risks and Uncertainties section.

The Directors confirm in the Directors' Responsibility Statement that they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Viability statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the reports referred to in the Overview section on page 100 of the Directors' Report.

The Directors have assessed the long-term prospects of the Group based upon business plans and cash flow projections for the three-year period ending 31 March 2028. The three-year period was chosen as it is considered the longest time frame over which any reasonable view can be formed. The forecasts and cash flow projections being used to assess going concern cover the period up to October 2026. A 16-month period from the sign-off of the accounts is used for the going concern review as the Group produces more detailed budgets and forecasts for this time frame which have proved to be very reliable in the past. October is typically the lowest point in the Group's working capital and cash cycle, which is why the going concern review extends to October 2026.

The forecasts prepared have been comprehensively stress-tested by using simulation techniques involving sensitivity analysis. The stress-testing involved removing revenue relating to a large part of customers' discretionary spend from the Group's revenue forecasts. A high percentage of the Group's revenue relates to compliance work which is non-discretionary. Mitigating actions, which include reducing certain non-fixed costs, were also factored into the stress-testing.

In forming their opinion, the Directors have performed a robust assessment of the principal risks and uncertainties facing the Group as set out on pages 52 to 58. In addition, note 2 on pages 125 and 126 of the accounts includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit risk, liquidity risk and market risk.

The Directors believe that dramatic changes in the future development and size of the pensions market which underpin the strategy of the Group as well as risks relating to cyber security including ransomware attacks could threaten the longer-term viability of the Group. These risks have been considered in detail, including potential mitigating actions and the direction of travel for these specific risks, on pages 52 to 58.

The Group had £14.7 million of cash at 31 March 2025. In March 2025 the Group took out a new revolving credit facility which extends to March 2029. This facility replaced its previous facility, which was due to end in October 2026. The facility is for £120 million, with an accordion of £50 million. At 31 March 2025, £55 million of this facility was drawn. The facility is subject to two covenants: net leverage and interest cover. These covenants are forecast to be met throughout the viability period. Further details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within the financial statements and notes.

Having reviewed the identified risks, the Directors are confident that the business is robust and resilient enough to tackle any challenges that may arise over the three-year viability period in relation to the Group's exposure to credit risk, liquidity risk and market risk.

With regard to market risk, the Directors have assessed the current market conditions and the potential impact of regulatory changes, as discussed in the Markets Overview section on pages 10 and 11. The Directors' assessment of the market is that there is considerable opportunity, and any risks identified are managed by the Group's risk strategy and are not considered to be a material risk to the Group's viability over the next three years.

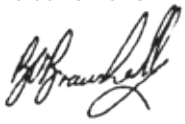
The Group has a strong balance sheet, access to financial resources and long-term growth prospects. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

Even in the worst case scenarios considered plausible by the Directors, the cost reduction actions available to the Group, the reduction of non-essential capital expenditure and the management of working capital are expected to be effective and sufficient to ensure the continued viability of the Group.

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the assessment period. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. At the same time, the Directors also considered the appropriateness of adopting the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Parent Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

This Strategic Report has been approved by the Board and signed by order of the Board:

Paul Cuff
Co-Chief Executive Officer
18 June 2025



Ben Bramhall
Co-Chief Executive Officer
18 June 2025

Corporate governance that supports growth

Our focus on being a responsible business underpins everything we do.

Alan Bannatyne
Chairman

Strong governance is the foundation that accelerates sustainable growth and investor confidence; through accountability, transparency and results."

At the Company's Annual General Meeting in September 2025, I will be stepping down as Chairman in line with the Corporate Governance Code's recommendation that a director's tenure should not exceed nine years. I joined the Board just before the Company's admission to the London Stock Exchange's Main Market in February 2017. I have, therefore, witnessed first hand XPS's transformation into a leading independent pensions consulting and administration business, the shares of which now trade on the FTSE 250 Index.

Growing responsibly

While our financial metrics have been transformed, our commitment to being a responsible business with high corporate governance standards has remained constant throughout. As XPS expands into the Insurance Consulting market, the Board, under the chairmanship of Martin Sutherland, will continue to provide oversight and guidance so that all stakeholders' interests are safeguarded. In line with this, work is already advanced to ensure the Group complies with the UK Corporate Governance Code 2024, specifically Provision 29 which relates to directors' declarations on risk management and internal controls.

Committed professionals

I am not the only Board member reaching nine years' service in 2026. So too is Margaret Snowdon OBE who will step down from the Board in due course. Ahead of this, Imogen Joss, who joined as Independent Non-Executive Director in December 2023, has taken over as Senior Independent Director and Chair of the Remuneration Committee. Like Martin, Imogen has gained a strong understanding of the Group since her appointment to the Board and has recently conducted a consultation exercise on executive remuneration with the Group's ten largest shareholders.

I would like to extend my thanks to all my colleagues at XPS, both past and present. It has been a pleasure to work with such committed, knowledgeable and supportive professionals. XPS's success is down to its people, and I look forward to following their, and the Group's, progress in the future.

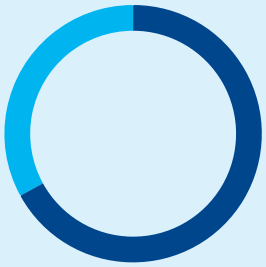
The following report outlines how the Company has applied the main principles of the UK Corporate Governance Code 2018 (the "Code"), and how it has complied with all relevant provisions of the Code during the reporting period.

Alan Bannatyne
Chairman
18 June 2025

Governance at a glance

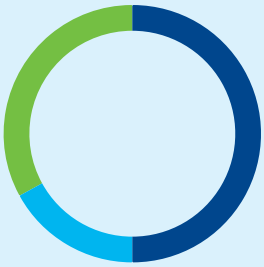
Board composition

Independence



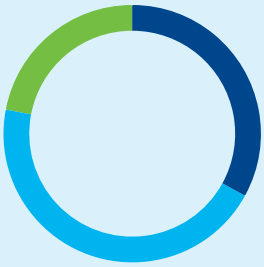
- Non-Executives **67%**
- Executives **33%**

Non-Executive tenure



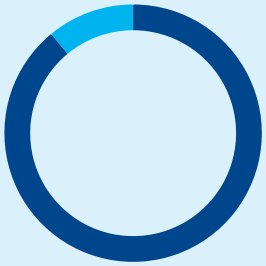
- Less than 3 years **50%**
- 3–6 years **17%**
- 6+ years **33%**

Age



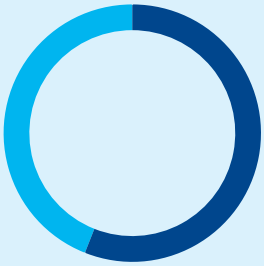
- 41–50 **33%**
- 51–60 **45%**
- 61+ **22%**

Ethnicity



- White **89%**
- Minority ethnic group **11%**

Gender



- Male **56%**
- Female **44%**

Board members' key skills:

- Mergers and acquisitions
- Risk management
- Financial reporting
- Workforce engagement
- Prior FTSE experience
- Pensions industry
- Cyber security
- Technology
- Investor relations
- Marketing
- Corporate governance
- Environmental and social sustainability
- Business development
- Operational management

Statement of compliance with the UK Corporate Governance Code 2018

In FY 2025, the Company has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018. The Code is publicly available at www.frc.org.uk.

Further information on how the Company has applied the five overarching categories of the principles can be found on the following pages:

(i) Board leadership and Company purpose: pages 62 to 67;

(ii) division of responsibilities: pages 65 and 66;

(iii) composition, succession and evaluation: pages 68 to 70;

(iv) audit, risk and internal control: pages 71 to 73; and

(v) remuneration: pages 76 to 99.

The Board is composed of nine members, consisting of the Chairman, three Executive Directors and five Independent Non-Executive Directors.

Alan Bannatyne

Independent Non-Executive Chairman

Appointed: November 2022–September 2025

Appointed to Board: January 2017

Committee membership

R N

Key strengths

- Chartered accountant
- Recent and relevant financial experience

Key experience

- Qualified with Deloitte & Touche
- Previous Commercial Manager of Primecom and Financial Director of Foresight – both subsidiaries of Primedia
- 20+ years at Robert Walters plc, Group Financial Controller 2002–2007, Chief Financial Officer 2007–2023

Current external listed company directorships/ key appointments

- Non-Executive Director of Selkirk Group plc

Meetings attended

10/10

Paul Cuff

Co-Chief Executive Officer

Appointed: October 2016

Key strengths

- Qualified actuary with 20+ years of experience in the pensions industry
- Responsible for raising the profile of XPS in the market, generating new business and the Group strategy with regard to M&A opportunities

Key experience

- Partner at KPMG 2008–2016
- Head of KPMG London pensions team prior to joining XPS

Current external listed company directorships/ key appointments

- None

Meetings attended

10/10

Ben Bramhall

Co-Chief Executive Officer

Appointed: April 2014

Key strengths

- Qualified actuary with 25 years of experience in the pensions industry and Scheme Actuary to a number of large pension schemes
- Responsible for the day-to-day operation of the business, including provision of services to existing clients, and development and implementation of the Group's technology and people strategies

Key experience

- Eight years at KPMG
- 18 months leading pricing and deal team at Lucida, a former bulk annuity provider

Current external listed company directorships/ key appointments

- None

Meetings attended

8/10

Snehal Shah

Chief Financial Officer

Appointed: July 2019

Committee membership

S

Key strengths

- Chartered accountant with 25+ years of experience

Key experience

- Ten years with PwC
- Senior finance roles including Group Financial Controller, Head of Investor Relations and Finance Director for Integration at Ladbrokes plc 2009–2017
- Interim Director (Finance & Corporate Governance) at Parkdean Resorts Ltd and Interim Director of Finance & Investor Relations at Countrywide plc 2017–2019

Current external listed company directorships/ key appointments

- None

Meetings attended

9/10

Imogen Joss

Senior Independent Non-Executive Director

Appointed: September 2024

Appointed to Board: December 2023

Committee membership

A R N S

Key strengths

- Experience working for a range of technology and information services companies

Key experience

- Senior Independent Director of Gresham Technologies plc until 2020
- Senior Independent Non-Executive Director of Fintel plc until 2025

Current external listed company directorships/ key appointments

- Chair of Grant Thornton UK LLP since 2021, where she was previously Non-Executive Director from 2017 to 2021
- Chair of Envetec Sustainable Technologies since 2024, where she was previously Non-Executive Director from 2022–2024
- Non-Executive Director of SThree plc since 2022
- Non-Executive Director of IPSX since 2017, where she chairs the Remuneration Committee

Meetings attended

9/10

Key to Committee membership

Chair · Member · A Audit & Risk · R Remuneration · N Nomination · S Sustainability

Sarah Ing

Independent Non-Executive Director

Appointed: May 2019

Committee membership

A R N S

Key strengths

- Chartered accountant
- 30+ years of experience in financial services including audit, corporate finance, investment banking and asset management

Key experience

- Previously a top-rated equity research analyst covering the UK general financial services sector and also founded and ran a hedge fund investment management business
- Non-Executive Director of Gresham House plc until December 2023, where she chaired the Audit Committee

Current external listed company directorships/ key appointments

- Senior Independent Non-Executive Director of Marex Group since July 2021 where she chairs the Audit & Compliance Committee
- Non-Executive Director of CMC Markets plc since September 2017, where she chairs the Remuneration Committee
- Non-Executive Director of City of London Investment Group plc, where she chairs the Remuneration Committee

Meetings attended

10/10

Aisling Kennedy

Independent Non-Executive Director

Appointed: February 2023

Committee membership

A R N S

Key strengths

- Irish qualified actuary with experience across consulting, insurance companies and professional bodies

Key experience

- Head of Life & Health Pricing UK at Swiss Re until 2020
- Previous Non-Executive Director of Authora Ireland plc where she chaired the Risk Committee

Current external listed company directorships/ key appointments

- Non-Executive Director of State Street Fund Services (Ireland) since 2021, where she chairs the Audit Committee
- Chair of ECCU Assurance Company since 2023
- Non-Executive Director of White Horse Insurance Ireland since 2021
- Chair of the Irish Auditing and Accounting Supervisory Authority since 2024, where she has served as a Director since 2020
- Chair of Irish charity MABS Support CLG
- Non-Executive Director of Everest Managing Agency Ltd since February 2025

Meetings attended

10/10

Margaret Snowdon OBE

Independent Non-Executive Director

Appointed: January 2017

Committee membership

A R N

Key strengths

- 40+ years of experience in the pensions industry and 12 years in insurance

Key experience

- Partner and director level positions with leading employee benefit consultancies
- Previous Non-Executive Director of The Pensions Regulator
- Appointed an OBE in 2010 and received many awards for her contribution to pensions
- Previous Advisory Board member of Moneyhub Financial Technology Limited

Current external listed company directorships/ key appointments

- Non-Executive member of Phoenix Group With-Profits Committee
- Chair of Pension Scams Industry Group
- Immediate past President of the Pensions Administration Standards Association
- Co-Chair of Investment Fraud Committee of the All Party Parliamentary Group on Investment Fraud and Fairer Financial Services

Meetings attended

10/10

Martin Sutherland

Independent Non-Executive Director

Appointed: December 2023

Committee membership

A R N

Key strengths

- Delivering growth in services and consulting businesses through product innovation, market diversification and geographical expansion
- Extensive international experience at senior management and director level

Key experience

- Chief Executive Officer of Reliance Cyber Ltd 2020–2023
- Chief Executive Officer of De La Rue plc 2014–2019
- Managing Director of Detica Ltd 2008–2014
- Non-Executive Director of Alliance Pharmaceuticals Ltd until 2025

Current external listed company directorships/ key appointments

- Chair of Logiq Ltd since 2023
- Non-Executive Director of Forterra plc since 2017
- Advisory Board Member of G3

Meetings attended

9/10

The Company complied with the provision of the UK Corporate Governance Code 2018 which requires at least half of the board, excluding the chairman, to be independent non-executive directors. The new UK Corporate Governance Code 2024 will apply to XPS from FY 2026 and we will report on our compliance with the new Code within our next Annual Report and Accounts.

The Board considers that the Chairman, Alan Bannatyne, Senior Independent Director, Imogen Joss, and Non-Executive Directors, Margaret Snowdon OBE, Sarah Ing, Aisling Kennedy and Martin Sutherland, are each independent of management in character, judgement and opinion and are free from relationships or circumstances that could affect their judgement. The Board benefits from the wide experience of its Non-Executive Directors. Biographical details of all Board members are given on pages 62 and 63.

Board Committees

The Audit & Risk Committee's role is to assist the Board in discharging its oversight responsibilities by reviewing and monitoring the following: the integrity of the financial information provided to shareholders; the effectiveness of the Company's system of internal controls and risk management; the external audit process and auditor; and the processes for compliance with laws, regulations and ethical codes of practice.

Further details are given in the Audit & Risk Committee Report on **pages 71 to 73**

The role of the Remuneration Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that the Remuneration Policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to sustainability and statutory and regulatory requirements. The Committee recommends the policy the Board should adopt on executive remuneration and, within the terms of the Directors' Remuneration Policy approved by shareholders at the AGM in March 2024, determines and agrees with the Board the levels of remuneration for each of the Executive Directors, the Company Chairman, the Group's Executive Committee and the Company Secretary.

Further details are given in the Remuneration Report on **pages 76 to 99**

The role of the Nomination Committee is to undertake a bi-annual review of succession planning for non-executive, executive and other key roles; and ensure that the membership, composition and diversity of the Board and its Committees, including the balance of skills, remain appropriate. The Committee also reviews the outcome of the annual Board effectiveness review to determine any changes required.

Further details are given in the Nomination Committee Report on **pages 68 to 70**

The role of the Sustainability Committee is to support the Board's oversight responsibilities of the Company's environmental, social and governance impact and initiatives. The Committee oversees practices, reporting and communication in relation to factors that have a material impact on business strategy, business performance and the long-term sustainability of the Group.

Further details are given in the Sustainability Committee Report on **pages 74 and 75**

Written terms of reference for each Committee are subject to annual review and periodic updating to reflect any changes in legislation, regulation or best practice. The terms of reference for the Committees are available on the Company's website at www.xpsgroup.com/investors/corporate-governance/committees/.

The Company complies with the Code provisions that as a UK listed company the remuneration and audit committees should comprise at least three independent non-executive directors and that the nomination committee should comprise a majority of independent directors. The Company Chairman is not a member of the Audit & Risk Committee, in compliance with the Code. Each Chair reports on the business of their previous Committee meeting at the next scheduled Board meeting.

Executive Committee

The Co-Chief Executive Officers operate an Executive Committee to support them in the performance of their duties, including the development and implementation of strategy and the day-to-day operational management of the business. During the year the Committee comprised the Executive Directors, Chief Information Officer, Head of Advisory, Managing Director of Administration, Head of Investment, General Counsel and HR Director.

Board operation and meetings

Decisions on operational matters are delegated by the Board to the Executive Directors, consistent with the schedule of matters reserved for Board approval. In advance of scheduled Board meetings, each Director receives documentation providing updates on Group strategy, finances, operations and business development. The Board meets at least seven times a year and at other times as and when necessary. During the year, all Board meetings were attended by all Directors, with the exception of meetings when prior commitments prevented attendance.

The Board reviews the business strategy for the year ahead at the beginning of each financial year and receives strategy updates at each Board meeting. At least once a year the Board will hold a strategy session to discuss and review business strategy in depth. The Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Non-Executive Directors are each required to commit to a minimum of 28 days of service per year to the Company. The Board is satisfied that each Non-Executive Director commits sufficient time to the Company.

The Non-Executive Directors remain in regular contact with the Chairman, whether in face-to-face meetings or by telephone, to discuss matters relating to the Company and on occasion meet without the Executive Directors present.

If a Director is unable to attend a meeting, they will still receive Board papers before the meeting and they are encouraged to submit any comments to the Chairman or Company Secretary to ensure that their views are recorded and taken into account during the meeting. The Director will also receive the minutes and matters arising in the usual way in order to ensure that they are fully informed.

The Board is ultimately responsible for the effectiveness and monitoring of the Group's system of internal controls. The Audit & Risk Committee's role is to assist the Board with its oversight responsibility by reviewing and monitoring the Company's system of internal controls. It met three times in the financial year and at its meeting in June 2025 considered the internal controls assurance framework used during the financial year, concluding that it was sound and appropriate for the business.

Directors are reminded at the commencement of each meeting to notify the Board of any conflicts of interest. Any actual or potential conflicts of Directors with the interests of the Company that arise must be disclosed for consideration and, if appropriate, authorisation by the Board in accordance with the Company's Articles of Association. The Board may authorise conflicts and potential conflicts, as long as the potentially conflicted Director is not counted in the meeting quorum and does not vote on the resolution to authorise. Directors are required to notify the Group Chairman when a conflict or potential conflict does arise in order that Board authorisation can be considered. If the Board determines that a conflict or potential conflict can be authorised, it may impose additional conditions on the Director concerned.

A formal induction programme has been developed and tailored for any new Directors joining the Board. The Chairman, with the support of the Company Secretary, ensures that the development and ongoing training needs of individual Directors and the Board as a whole are reviewed and agreed following the annual performance evaluation of the Board, its Committees and individual Directors.

Directors may seek independent professional advice at the Company's expense where they consider it appropriate in relation to their duties. All Directors have access to the advice and services of the Company Secretary.

Embedding culture

At XPS, our values are embedded in everything we do. The Board recognises the importance of its role in setting the tone and monitoring the Group's culture, championing the behaviours we expect to see and embedding these throughout the Group. In addition to the Board, the Executive Committee upholds our values and ensures that the importance of compliance and integrity is recognised at all levels throughout the Group. During the year, the Group undertook a culture audit, to ensure that the desired culture was embedded throughout the business. The audit included review of various sources of information, including direct feedback to the Group ExCo, EEG minutes, Safe Space submissions, whistleblowing reports, employee attrition rates, employee exit survey responses and the employee survey. The output was reported to the Board and there were no areas of concern highlighted.

Division of responsibilities

The Board is focused on providing entrepreneurial and sustainable leadership to the Group. It is responsible for directing and controlling the Group and has overall authority for the effective and prudent management and conduct of the Group's business and the Group's strategy and development. The Board monitors performance and is responsible for ensuring that appropriate financial and human resources are in place for the Group to meet its objectives and takes the lead in setting and embedding the Group's culture, values and standards. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls, and for reviewing the overall effectiveness of systems in place), and for the approval of any changes to the capital, corporate or management structure of the Group.

There is a formal schedule of matters reserved for Board approval which is subject to annual review and published on the Company's website: **www.xpsgroup.com**

The matters reserved for the Board include:

- the Group's long-term objectives, business strategy and risk appetite;
- the Company's policies, culture, values and standards;
- annual business plans, budgets and forecasts;
- extension of the Group's activities into new business or geographic areas;
- changes in capital structure and any form of fundraising or asset securitisation;
- major changes to the corporate structure, including material acquisitions and disposals;
- interim and annual financial statements and dividend policy;
- material guarantees, indemnities and letters of comfort;
- the Group's system of internal control and risk management;
- contracts which are material strategically or by reason of size or duration;
- calling of shareholder meetings and related documentation;
- changes to the membership of the Board and its Committees;
- Remuneration Policy for the Directors and senior management;
- introduction of new share incentive plans or major changes to existing plans; and
- the Company's overall corporate governance arrangements.

Board division of responsibilities

Alan Bannatyne

Alan Bannatyne

Chairman

- Leads the Board and manages the effective leadership and governance of the Board
- Provides direction and focus on business strategy, performance, value creation and accountability
- Ensures the Board establishes a strategy that facilitates the entrepreneurial development of the Group and promotes the long-term sustainable success of the Group's approach
- Ensures clear structure for effective operation of the Board and its Committees
- Sets Board agenda and ensures sufficient time is allocated to promote effective debate to support sound decision making
- Ensures the Board receives precise, timely and clear information
- Encourages Directors to contribute fully to Board discussions, ensuring sufficient challenge of major proposals
- Meets with the Non-Executive Directors independently of the Executive Directors
- Leads the process for evaluating the performance and development needs of the Board, its Committees and individual Directors
- Leads the Board succession planning process and chairs the Nomination Committee
- Acts as a sounding board for the Co-CEOs on important business issues
- Ensures the Board sets the risk appetite it is willing to take in the implementation of strategy
- Ensures effective communication with shareholders to ensure that the Board understands their views on governance and performance against the strategy
- Ensures effective communication with other key stakeholders

Paul Cuff

Paul Cuff

Co-Chief Executive Officer

- Primarily responsible for raising the profile of XPS in the market and generating new business, both in traditional service areas and in the development of new services as the market evolves
- Develops the Group's strategy with regard to M&A opportunities and technology investment

Ben Bramhall

Ben Bramhall

Co-Chief Executive Officer

- Primarily responsible for the day-to-day operation of the business, including the provision of services to existing clients, revenue generation and the Group's people strategy
- Develops the Group's internal strategy to pursue large opportunities within the market
- The Board considers that the Co-CEO structure works well with clear accountability of roles between the Executive Directors

Co-Chief Executive Officers

- The Co-CEOs have worked together for over 20 years, having both started their careers as trainee actuaries at Punter Southall, before spending many years in the same team at KPMG
- Their long friendship and history of working together, and their complementary skill sets, make the Co-CEO arrangement a success
- The Co-CEOs report to the Chairman and the Board and are responsible for jointly leading the Group's business and managing it in accordance with the business plan approved by the Board, the Board's overall risk appetite, the Group policies approved by the Board and its delegated authorities, and all applicable laws and regulations
- The Co-CEOs, with the support of the CFO, recommend budgets and forecasts for Board approval, lead the investor relations programme and maintain a dialogue with the Chairman on significant business developments and strategy issues
- Both Co-CEOs have leadership roles on large clients

Imogen Joss

Imogen Joss

Senior Independent Non-Executive Director

- Acts as a sounding board for the Chairman and other Directors
- Leads the annual review of the Chairman's performance
- Leads any Non-Executive Director meetings without the Chairman present
- Acts as an additional point of contact for shareholders, if they have concerns that contact through the normal channels have failed to resolve or for which such contact is inappropriate

Annual General Meeting

The Company's Annual General Meeting (AGM) will take place at 12.00pm on Thursday 4 September 2025 at Canaccord, 88 Wood Street, Barbican, London EC2V 7QR. The AGM notice setting out the resolutions to be proposed at the meeting and including explanatory notes, together with this Annual Report and Accounts, will be available on the Company's website (www.xpsgroup.com) and distributed to shareholders who have elected to receive hard copies of shareholder information at least 20 working days prior to the date of the meeting.

Voting at the AGM will be conducted by way of a poll and the results will be announced through the London Stock Exchange Regulatory News Service and made available on the Company's website. All Board members are expected to attend the meeting and the Chair of each of the Board's Committees will be present to answer any questions put to them by shareholders.

Board evaluation

The Board acknowledges that the Code requires an external board evaluation be completed every three years. The latest external Board evaluation was completed in 2023, facilitated by Ceradas Limited. Ceradas Limited has no other connections to the Company or the Directors. The next externally facilitated Board evaluation will be completed in 2026.

In 2025, the Board completed an internally facilitated evaluation, using questionnaires agreed by the Chairman and Company Secretary. The Senior Independent Director met with each Board member to appraise the performance of the Chairman, and fed back to the Chairman and the incoming Chairman in May 2025. The Board discussed the outcome of the evaluation at the May 2025 Board meeting, and agreed actions as follows:

- the incoming Chairman to focus on ensuring that emphasis is on the right KPIs and issues at Board meetings;
- the Chairman and Company Secretary to revisit the Non-Executive Director induction and ongoing training plan to ensure this represents the Group's diversification; and
- the Nomination Committee to focus on improved succession planning for Executive and key roles, including the development of future leaders of the Group.

2024 Board evaluation outcomes and progress

The 2024 internally facilitated evaluation identified the following areas for improvement; progress is reported as follows:

Actions from the 2024 evaluation	Improvements
The Remuneration Committee to receive increased internal support from the HR function.	During the year, the Remuneration Committee Chair change resulted in a revised approach to the support of the Committee; the Group's Remuneration Consultants (FIT) have increased their support to the Committee.
The Nomination Committee to agree the best way to ensure smooth transition when the Chairman and Senior Independent Director reach nine years' tenure in January 2026.	The Nomination Committee agreed that succession of the Senior Independent Director would be accelerated to allow for the newly appointed Senior Independent Director to lead the Chairman succession process, as both the Chairman and Senior Independent Director were due to reach nine years' tenure at the same time. Imogen Joss was appointed as Senior Independent Director in September 2024. The Group Chairman, Alan Bannatyne, will not stand for re-election at the AGM in September 2025, and current Non-Executive Director Martin Sutherland will succeed Alan as Chairman following the AGM. Margaret Snowdon OBE will step down from the Board in due course, and the Nomination Committee will consider the recruitment of an additional Non-Executive Director.
The Sustainability Committee to report formally to the Board annually.	All Board members were invited and encouraged to attend the May 2025 Sustainability Committee meeting and will be invited annually going forward.

Shaping leadership for the future

This year the Committee supported the Board through the succession of the Senior Independent Non-Executive Director and future succession of the Chairman.

Alan Bannatyne
Chair of the Nomination Committee

Committee membership	Attendance
Chair	
Alan Bannatyne	**3/3**
Members	
Margaret Snowdon OBE	**4/4**
Sarah Ing	**4/4**
Aisling Kennedy	**4/4**
Imogen Joss	**2/2**
Martin Sutherland	**1/1**

Dear Shareholder,

I am pleased to present my final report as Chairman of XPS Group and the Nomination Committee for the year ended 31 March 2025. The Committee has met four times during FY 2025 and all meetings were attended by all members of the Committee, with the exception of one meeting which Martin and I did not attend due to a conflict of interest, as Chairman succession was the focus. The Committee intends to continue to meet at least twice annually with additional meetings as required. The members of the Committee are Margaret Snowdon OBE, Sarah Ing, Aisling Kennedy, Imogen Joss, Martin Sutherland and myself as Chair.

The Nomination Committee supports the Board in determining the composition and make-up of the Board, including its skills, knowledge, experience and diversity. It is responsible for developing and maintaining a formal, rigorous and transparent procedure for identifying appropriate candidates for Board appointments and making recommendations to the Board.

The Committee is also responsible for keeping under review the leadership needs of the Group, including Executive, Non-Executive and senior management roles, ensuring that succession planning focuses on the continued ability of the Group to deliver its strategic goals and compete effectively. The terms of reference of the Committee are reviewed annually and available on the Company's website, www.xpsgroup.com.

Chairman and Senior Independent Non-Executive Director succession

This will be my final report, as I will step down as Group Chairman and Chair of the Nomination Committee at the Company's next AGM in September 2025. As I have served as a Director since 2017, and as Chairman since 2022, I would reach nine years' tenure on the Board in January 2026. The Nomination Committee has identified my successor as Martin Sutherland, who will take over the role of Chairman, and Chair of this Committee, as of the AGM, following a handover period over the coming months. Martin joined the Board in December 2023 and has developed a strong understanding of our business, our market and our culture; he is well placed to take on the Chairman role at XPS.

Margaret Snowdon OBE will also reach nine years' tenure in January 2026 and will be stepping down from the Board in due course. Ahead of Margaret stepping down, the Committee determined that it was appropriate for Margaret to hand over the Senior Independent Director role to allow for the incoming Senior Independent Director to lead the Committee through the Chairman succession process. Imogen Joss succeeded Margaret Snowdon as Senior Independent Director in September 2024. Margaret remains an Independent Non-Executive Director of the Group, and the timing of her stepping down will be confirmed following the recruitment of an additional Non-Executive Director; the search for an additional Non-Executive Director will commence later this year.

The Committee is satisfied that the Board and its Committees have the right balance of skills, experience, independence and knowledge required.

Board evaluation

During the year, an internally facilitated Board evaluation was completed; further details of the process and the outcomes can be found on page 67. The Group conducted an externally facilitated Board evaluation supported by Ceradas Limited in 2023 and will continue to conduct an externally facilitated evaluation every three years going forward as required by the UK Corporate Governance Code. The next evaluation in 2026 will be conducted with external support.

Succession planning

During the year, the Nomination Committee reviewed detailed succession plans covering the roles considered key to the business, including those of the Executive Directors, the Non-Executive Directors and the Executive Committee. The Committee is satisfied that the contingency and talent management plans in place for key positions are appropriate and has agreed that the Group's succession planning will be kept under review, at least bi-annually.

Induction programme and training

A formal tailored induction for Non-Executive Directors is in place supported by a programme of training to further their knowledge of the Group, its business, culture, operations, employees and governance and to ensure awareness of their regulatory duties and obligations as a Director of a UK listed company.

Diversity, equality and inclusion

I am pleased to confirm that XPS continues to comply with the requirements of the FCA's diversity listing rules in relation to the composition of the Board, with over 40% female representation (44%), one senior position held by a female and one member to be from an ethnic minority background. Whilst we recognise that XPS has further progress to make in relation to the diversity of our Board and executive management, we are pleased to have made progress in recent years and continue reporting compliance with the listing rules.

The Company has an established Inclusion and Diversity Committee chaired by a senior female within the Group. The committee has made great progress, has a significant impact across the business and is a key channel of communication and engagement for employees and management.

The Company acknowledges that there remains a gender pay gap within the business which reflects a higher proportion of males in higher-paid roles than females. Whilst this is partly a challenge of the UK industry in which XPS operates, within a male-dominated actuarial profession, the Board believes it has a responsibility to promote change, both within XPS and the industry more generally.

The Board believes that no individual should be discriminated against, whether for reasons of gender, ethnicity or other grounds that restrict social inclusion, and this extends to Board appointments, which it considers should be made on merit and on the basis of ensuring an appropriate balance of skills and experience within the Board. The Board recognises that greater diversity, in the widest sense of diversity of race, experience and approach, can generate a more diverse perspective on issues which, in turn, has the ability to benefit Board effectiveness through improved discussions and better decisions.

You can read more about the Group's I&D strategy and commitment to further progress on page 28 of our Sustainability Report.

Alan Bannatyne
Chair of the Nomination Committee
18 June 2025

Chairman and Senior Independent Director succession process

- In line with succession planning, the Nomination Committee identified that Alan Bannatyne and Margaret Snowdon OBE would reach nine years' tenure in January 2026.
- The Nomination Committee commenced a search for potential successors to the Senior Independent Director and Chairman; the search was supported by Russell Reynolds Associates.
- Martin Sutherland and Imogen Joss were appointed to the Board as Independent Non-Executive Directors, and as potential successors to the two roles, in December 2023.
- The Committee determined that it would be good governance to ensure that the Group's Senior Independent Director and Chairman did not leave the business at the same time, and as such appointed Imogen Joss as Senior Independent Director in September 2024, with Margaret Snowdon OBE remaining as a valued independent Board member.
- Imogen Joss led the Nomination Committee throughout the Chairman succession process.
- The Committee considered the desired criteria for the Chairman role, and confirmed that Martin Sutherland satisfied this criteria and would be the right candidate to take on the role.
- The Nomination Committee made a recommendation to the Board that Martin Sutherland be appointed as Independent Non-Executive Chairman of the Group. The Board approved the recommendation.
- Martin Sutherland will succeed Alan Bannatyne as Chairman from 4 September 2025. A handover process has commenced.

Diversity, equality and inclusion continued

Table 1. Reporting table on sex/gender representation as at 31 March 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairman)	Number in executive management	Percentage of executive management
Men	**5**	**56%**	**4**	**7**	**78%**
Women	**4**	**44%**	**1**	**2**	**22%**
Not specified/prefer not to say	**—**	**—**	**—**	**—**	**—**

Table 2. Reporting table on ethnicity representation as at 31 March 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairman)	Number in executive management	Percentage of executive management
White British or other White (including minority White groups)	**8**	**89%**	**4**	**8**	**89%**
Mixed/multiple ethnic groups	**—**	**—**	**—**	**—**	**—**
Asian/Asian British	**1**	**11%**	**1**	**1**	**11%**
Black/African/Caribbean/Black British	**—**	**—**	**—**	**—**	**—**
Other ethnic group, including Arab	**—**	**—**	**—**	**—**	**—**
Not specified/prefer not to say	**—**	**—**	**—**	**—**	**—**

Executive management is defined as the XPS Executive Committee.

This data was obtained from HR data held by the Group.

Delivering independent oversight

The Audit & Risk Committee continues to provide independent oversight of the Group's financial reporting procedures, risk management and internal control framework.

Sarah Ing
Chair of the Audit & Risk Committee

Committee membership	Attendance
Chair	
Sarah Ing	**3/3**
Members	
Margaret Snowdon OBE	**3/3**
Aisling Kennedy	**3/3**
Imogen Joss	**3/3**
Martin Sutherland	**3/3**

Refreshing our internal control framework whilst navigating risk and enabling growth has been the Committee's focus this year."

Sarah Ing
Chair of the Audit & Risk Committee

Dear Shareholder,

I am pleased to present the report of the Audit & Risk Committee for the year ended 31 March 2025. The Committee met three times during FY 2025 and intends to continue to meet at least three times annually. All meetings were attended by all members of the Committee.

Membership of the Committee

The members of the Committee are Margaret Snowdon OBE, Aisling Kennedy, Imogen Joss, Martin Sutherland and me. The Board is satisfied that the Audit & Risk Committee as a whole has competence relevant to the sector in which the Company operates and that I have recent relevant financial experience as can be seen in our biographies included on pages 62 and 63 of the Annual Report.

The Executive Directors are invited to each meeting as well as the Company's Non-Executive Chairman, Chief Information Officer, Head of Risk, General Counsel, Head of Compliance, Financial Controller, and other members of the management team as the agenda dictates.

The Committee's performance evaluation was conducted as part of the wider Board evaluation; you can read about this on page 67.

Significant accounting matters considered during the year

Carrying value of goodwill and intangible assets	
Matters considered	**Action**
The Group has significant intangible assets on the balance sheet in the form of goodwill, customer relationships, brands and software. The intangible assets have to be reviewed for impairment at least annually or if there are any indicators of impairment.	The carrying value of all indefinite life assets is tested for impairment annually. In reaching its conclusion that the treatment adopted is appropriate, the Committee has reviewed the forecasts, key assumptions and methodology adopted by management. BDO LLP's findings have also been considered by the Committee in reaching its conclusions over the appropriateness of the treatment within the financial statements.

Significant accounting matters considered during the year continued

Revenue recognition, accrued income and trade receivables

Matters considered

Depending on the income stream and the nature of the engagement, the Group recognises revenue on either time cost incurred, fixed fee or rateably over the period of providing the relevant services. Billing is mainly in arrears and occurs monthly or quarterly. A judgement is made regarding the valuation of contract assets – accrued income with the unbilled element of pensions, investment and administration services.

Action

The Committee reviewed the approach to revenue recognition including the process for accrued and deferred revenue. The Committee receives regular updates on ageing of accrued revenue and trade receivables. The Committee has also considered the conclusions reached by BDO LLP as part of its audit of this area and is satisfied that management has adopted appropriate processes and controls over revenue recognition, accrued revenue and trade receivables.

Business acquisition

Matters considered

During the year, the Group acquired Polaris Actuaries and Consultants Ltd, a UK insurance consultancy business.

The transaction completed on 28 February 2025 for cash consideration of £13.8 million and prepaid post-acquisition remuneration of £9.2 million, with an additional amount up to £35 million payable in three years contingent on achieving certain stretching business performance criteria. Further information can be found in note 6 to the financial statements on page 128.

Action

The Committee has reviewed management's assessment of the fair value of the assets and liabilities acquired and of the forecasts and assumptions driving the estimate of the post-acquisition remuneration. The Committee has reviewed the disclosures in respect of the acquisition and considers the accounting and disclosures to be appropriate.

Presentation and disclosure of exceptional and non-trading items

Matters considered

The Group classifies certain items in the income statement as exceptional/non-trading to allow a clearer understanding of the underlying trading performance of the business.

Exceptional and non-trading items in the year totalled £18.6 million (FY 2024: credit of £17.5 million). For more details see note 5 to the financial statements on page 127.

Action

As part of its assessment that the treatment of exceptional/non-trading items in the financial statements is appropriate, and consistent with the Group's accounting policies and with the guidance issued by the FRC, the Committee has considered each of the items treated as exceptional/non-trading and challenged, where necessary, the treatment adopted by management. The Committee has also considered the conclusions reached by BDO LLP as part of its audit in this area and is satisfied.

Auditor

The Committee is responsible for making an assessment on the independence of the Company's auditor, BDO LLP. In addition, the auditor has internal processes, which include peer reviews, to ensure that independence is maintained. The Committee will review the level of audit fees and non-audit fees on an ongoing basis. See note 4 to the financial statements on page 126.

The Committee has reviewed the approach to the annual audit at a meeting that the auditor attended ahead of the start of fieldwork. The auditor then attended a further Committee meeting at the completion stage of the audit to present its findings.

There is an open line of communication between the Chair of the Audit & Risk Committee and the audit engagement partner, and a closed session between the Audit & Risk Committee and the audit partner is held at the beginning of each Committee meeting, without the Executive Directors and management team present.

The audit partner is also invited to attend the Committee meetings for the duration of the meeting. The Committee assessed the effectiveness of the external audit process by obtaining feedback from parties involved in the process, including management and the external auditor.

Based on this feedback and its own ongoing assessment, the Committee remains satisfied with the efficiency and effectiveness of the audit.

The Committee is responsible for making recommendations to the Board regarding the appointment of its external auditor and its remuneration. BDO LLP has been the Group's auditor since 2014. The Group audit partner is required to rotate after a maximum of five years; the current audit partner, Andrew Radford, was appointed in September 2020, and therefore must be succeeded following the FY 2025 audit. The Committee determined that this was an appropriate time to consider the Company's auditor arrangement and conduct a tender process. Following considerations of conflicts of interest, existing relationships and capacity, the Committee invited EY and BDO LLP to participate in the tender process. Following a robust tender process, the Committee decided to retain BDO LLP as the Group's external auditor.

Internal Audit

The Internal Audit function is provided using a co-sourcing agreement, with PwC reappointed in 2020 after a retender as it had been in place since 2017. It offers independent oversight of operational and risk management activities, with audit reports and relevant findings presented to the Committee. This year it focused on the controls in place when developing automated system calculations and operational controls in the administration business.

The Internal Audit programme is integrated with the existing framework of internal and external assurance activities, e.g. ISO 27001, CE+, AAF 01/20, IFoA QAS, which are carried out or facilitated by the Risk and Compliance teams. These activities focus on the design and effectiveness of internal controls for key processes.

Annual Report review

A final draft of the Annual Report is reviewed by the Committee prior to consideration by the Board and the Committee considered whether the 2025 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's position and performance, business model and strategy.

The Committee was satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable and provides the necessary information.

Risk Management and internal control

The existing risk management and internal control framework deployed across the Group continues to be developed and enhanced to ensure it manages existing and emerging risks to the XPS Group. Effective communication of risk appetites and key controls is supported by clear direction from executive management, which drives a strong risk culture and active engagement from staff.

The framework supports a standardised risk management approach across all businesses and support functions in the Group, enabling clear and consistent reporting. This includes a clear articulation of the key controls required to ensure risks are managed within their stated appetites.

The use of a common approach for all risk types covers the full spectrum of the Group's activities and supports the achievement of the organisation's objectives. The framework also highlights key processes and controls, supporting their regular review, with amendments made as required to reflect the findings of these reviews. All review findings are recorded centrally to ensure identified improvements are implemented consistently across the Group. Executive management is provided with regular updates on the Group's overall risk profile and actions required to keep within appetite. This is supported by a rolling programme of deep dives on specific risks at the Risk Management Committee. These meetings are held on a regular basis and support the Audit & Risk Committee to ensure that the risk management and internal control framework meets the needs of the Group's stakeholders.

The Risk function supports all businesses within the Group, ensuring that best practice is applied consistently. The team is also responsible for co-ordinating the existing assurance frameworks across the Group, to ensure all risks and controls are considered and assessed appropriately. These assurance activities include certifications to ISO 14001 and ISO 27001, AAF 01/20, IIP and the IoA Quality Assurance Scheme (QAS). In addition to these, the Group has also maintained accreditation against the PASA pensions administration standard.

The Audit & Risk Committee regularly reviews the wider internal control processes as part of its meeting cycle. The Committee enlists external support from specialist advisers to support these reviews when appropriate. Recently, the Board reviewed the principal risks in response to the introduction of Provision 29 in the UK Corporate Governance Code 2024 with the support of external advisers. The review focuses on identifying risks that are critical to XPS as a business, supporting a risk focused approach to identifying material controls.

To recognise the importance of operational resilience and protection of Group and client assets from cyber risks, the Committee considers this as a standing item at each meeting. This includes the performance of key controls and the independent assurance frameworks in place.

Whistleblowing

The Group has a clear, formalised Whistleblowing Policy and procedure available to all staff in order to raise concerns about perceived wrongdoing, non-compliance with our own standards, regulatory requirements and/or the law. We have a confidential helpline, run by a third party, Expolink, in order that staff can report any concerns or perceived shortcomings within our operations without fear of sanction or disadvantage. The helpline is promoted through the intranet and posters. Incidents are reported and then reviewed by the Board at the next scheduled meeting, or sooner if required. The Group's Audit & Risk Committee reviews the policy and process annually to ensure they remain fit for purpose.

Sarah Ing
Chair of the Audit & Risk Committee
18 June 2025

Driving progress on sustainability

In FY 2025, XPS continued to embed its sustainability framework "shaping a better future" across the business in support of its purpose: shaping and supporting safe, robust and well-understood pension schemes for the benefit of people and society. Refreshed in FY 2024, our framework gives us a clear direction to engage with our stakeholders – from our people and communities to our clients, members and environment.

Aisling Kennedy
Chair of the Sustainability Committee

Committee membership	Attendance
Chair	
Aisling Kennedy	**4/4**
Members	
Imogen Joss	**4/4**
Margaret Snowdon OBE	**1/1**
Sarah Ing	**4/4**
Snehal Shah	**4/4**
Charlotte West	**4/4**
Adrian Davison	**4/4**
Alex Quant	**4/4**

This year, the Committee has focused on building on the excellent progress of the last few years. Sustainability is, and will continue to be, a key consideration in the Group's business strategy and a vital way in which the views and interests of key stakeholders are integrated."

Aisling Kennedy
Chair of the Sustainability Committee

Dear Shareholder,

It is my pleasure to present the report of the Sustainability Committee for the year ended 31 March 2025 – for the first time as Chair. The Committee met four times during the year and all meetings were attended by all members of the Committee. The Committee intends to continue to meet at least twice annually with additional meetings as required.

The Sustainability Committee considers the perspectives and interests of all key internal and external stakeholders of the Group. Its remit is to oversee the implementation of the sustainability framework with the help of representatives from the business and to enhance reporting and communication regarding sustainability factors that drive the Group's business strategy and performance.

The membership of the Committee

The members of the Committee during the year were Sarah Ing (Independent Non-Executive Director), Imogen Joss (Senior Independent Non-Executive Director), Snehal Shah (CFO), Charlotte West (Head of Employee Engagement), Adrian Davison (Head of Risk), Alex Quant (Head of ESG for the Investment business), and myself as Chair. I took over as Chair of the Committee from Sarah Ing at the start of the year. During the year, Margaret Snowdon OBE stood down as a member of the Committee.

The focus of the Committee

In 2024, the Committee tracked performance against the Group's key sustainability pillars: our people, our clients and members, our communities and our environment. Its work plan included the following focus areas:

1. Monitoring performance on sustainability priorities

The dynamic materiality assessment carried out in FY 2024 and the strengthened sustainability framework launched in last year's Annual Report ensure that the Group's approach remains relevant to its key stakeholders. This year, the Committee focused on monitoring and, where needed, steering performance to ensure the Group made progress against its priorities.

As part of this, the Committee introduced a "sustainability dashboard" to track key performance metrics against our pillars each quarter. We track two to three metrics for each pillar on a quarterly basis, with progress being assessed at each Committee meeting. The dashboard has made a valuable contribution to the Committee overseeing and steering performance to ensure progress is being made against our priorities.

2. Strengthening sustainability communications

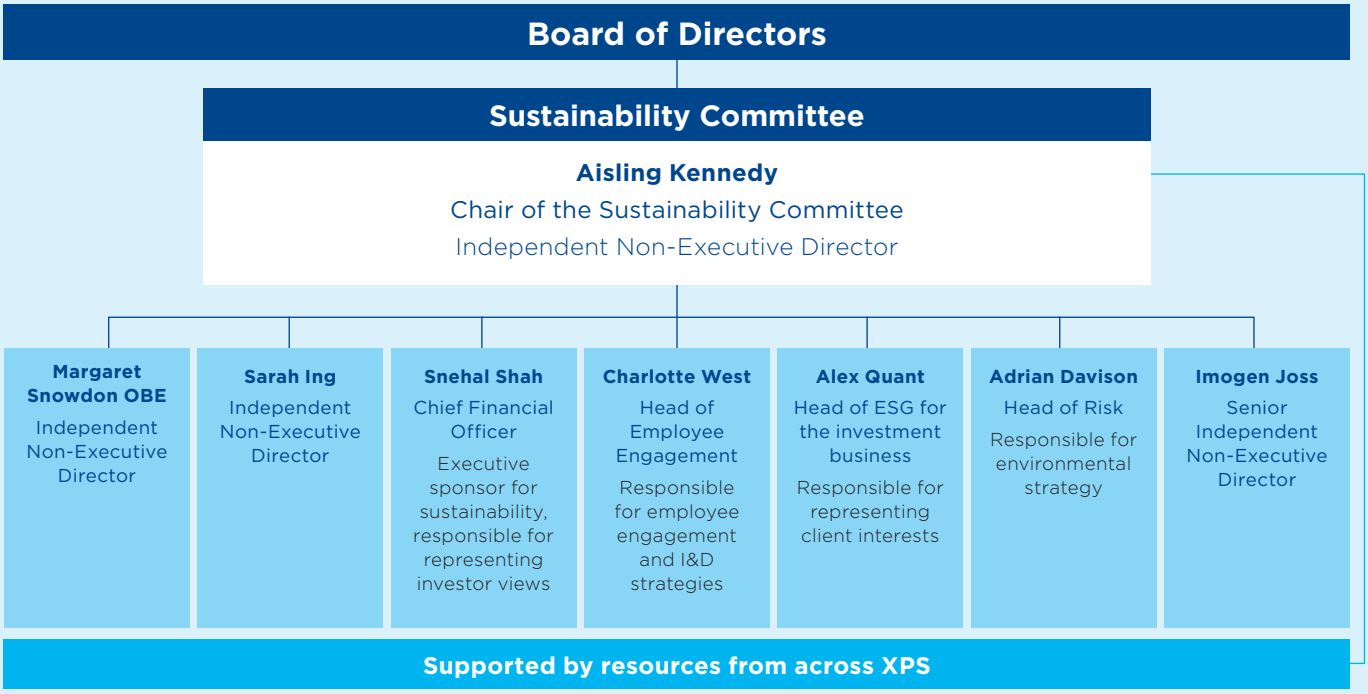
Following the launch of the enhanced sustainability framework in FY 2024, the Committee took a specific interest in strengthening internal and external communications around sustainability. An additional driver for this focus was the entry of the Group into the FTSE 250 during the reporting year.

Each quarter, the Committee was informed of communications activity around sustainability and took an active interest in how sustainability resonated with stakeholders. For the first time, I, as Chair of the Sustainability Committee, participated in a "fireside chat" podcast to discuss the importance of sustainability for the Group and our achievements during the year. Overall, the Committee was pleased to see increasing activity and engagement with stakeholders on sustainability.

3. Keeping abreast of an evolving sustainability landscape

In the dynamic landscape around environmental, social and governance (ESG) considerations – particularly in the capital markets – the Committee also focused on staying abreast of the latest developments around regulation and stakeholder expectations.

The Committee received in-depth briefings on new regulations, including the Sustainability Disclosure Requirements in the United Kingdom and the Corporate Sustainability Reporting Directive in the European Union. In addition, with the help of an external consultant, the Committee commissioned a readiness assessment against the standards developed by the International Sustainability Standards Board (part of the IFRS Foundation).



Looking ahead

At a high level, the focus for the year ahead includes:

- driving further integration of our sustainability framework across the Group, supporting our purpose and corporate strategy;
- continuing to oversee communications and engage with key internal and external stakeholders effectively on sustainability; and
- monitoring the Group's existing and emerging sustainability risks and opportunities and updating our management and disclosure approach as required.

I want to thank the members and the attendees of the Sustainability Committee for their hard work and contributions during the year. My first year as Chair of the Committee has proved rewarding and I look forward to leading the Committee as we continue to shape a better future through our work.

The terms of reference of the Committee are reviewed annually and are available on the Company's website, www.xpsgroup.com.

Aisling Kennedy
Chair of the Sustainability Committee
18 June 2025

Remuneration at a glance

The overall Remuneration Policy is designed to promote the long-term success of the Group whilst ensuring it does not support inappropriate risk taking. The Remuneration Committee has developed the Directors' Remuneration Policy with the following principles in mind:

Aligned with shareholders – in order to motivate Executive Directors and incentivise the delivery of sustained performance over the long term, and to promote alignment with shareholders' interests.

Aligned with financial performance – to motivate Executive Directors and support the delivery of the Group's financial and strategic business targets.

Aligned with colleagues – by striving for as consistent as possible an approach between the Executive Directors and senior management.

Aligned with clients – the continued strategy to be the best provider of services to the UK pensions market, as a one-stop shop for everything trustees and employers need in this market, at the same time as achieving sustainable growth through investing in client services, technology and staff, demonstrates the commitment to providing an agile, high-quality and market-leading service that puts client satisfaction at the heart of the business.

Competitive – remuneration packages are reviewed annually and benchmarked by reference to the external market. This allows us to attract and retain highly talented people who know that good performance will be rewarded.

Designed to encourage retention and to reward performance – deferred variable remuneration does not give rise to any immediate entitlement. Long-term incentive awards normally require the participant to be employed continuously by the Group until at least the third anniversary of grant in order to vest in full.

FY 2025

Fixed pay

Base salary

Co-CEOs	CFO
£372,070	**£321,797**

Pension

Co-CEOs	CFO	Average employee
6%	**6%**	**6%**

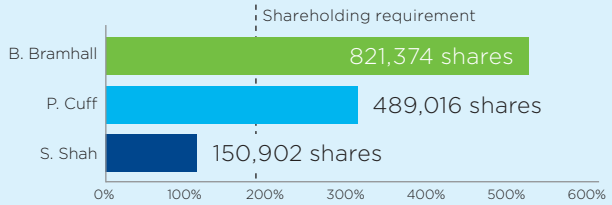
Benefits

Benefits currently include permanent health insurance, life insurance, private medical insurance and car allowance.

Shareholding

Actual level % of base salary at 31 March 2024

Ben Bramhall	Paul Cuff	Snehal Shah
533%	**317%**	**116%**



Annual bonus

2025 annual bonus

Co-CEOs	CFO
£558,105	**£402,246**
100% of maximum 150% of salary	100% of maximum 125% of salary

Bonus delivery
Beyond 100% of salary delivered in shares

Long-term incentive plan

2022 PSP estimated outcome*

Co-CEOs	CFO
100%	**100%**

Performance conditions:
EPS – 75% **TSR – 25%**

Subject to two-year holding period.

Malus and clawback provisions apply.

* Vesting 1 July 2025.

FY 2026

Fixed pay

Base salary

Co-CEOs	CFO	Average employee
£435,322	**£376,501**	
↑ 17.0%	↑ 17.0%	↑ 5%

Pension

No change for FY 2026.

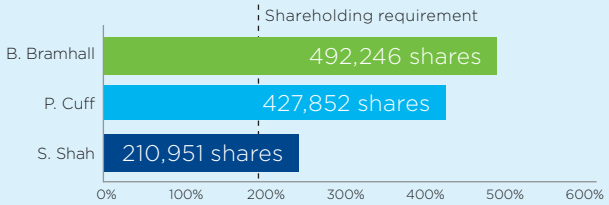
Benefits

No change for FY 2026.

Shareholding

Actual level % of base salary at 31 March 2025

Ben Bramhall	Paul Cuff	Snehal Shah
496%	**431%**	**246%**



Annual bonus

2026 annual bonus

Co-CEOs
Maximum
150% of salary

CFO
Maximum
125% of salary

Bonus delivery
Beyond 100% of salary delivered in shares

Group adj. PBT	**75%**
Personal objectives	**25%**

Long-term incentive plan

Anticipated award grants as % of base salary

Co-CEOs	CFO
150%	**125%**

EPS	**70%**
TSR	**20%**
ESG	**10%**

Governance

Remuneration aligned with strategy and growth

The Remuneration Committee continues to focus on incentivising results, rewarding strong performance and linking remuneration to long-term value for our shareholders.

Imogen Joss
Chair of the Remuneration Committee

Committee membership	Attendance
Chair	
Imogen Joss (appointed Chair September 2024)	**3/3**
Members	
Alan Bannatyne	**3/3**
Sarah Ing	**3/3**
Aisling Kennedy	**3/3**
Margaret Snowdon OBE (Chair to September 2024)	**3/3**
Martin Sutherland	**3/3**

Dear Shareholder

On behalf of the Remuneration Committee (the "Committee"), I am pleased to present the Directors' Remuneration Report for FY 2025. This report covers three areas:

- my annual statement;
- the Directors' Remuneration Policy, which was approved at the March 2024 General Meeting; and
- the Annual Report on Remuneration which describes how the Directors' Remuneration Policy has been applied in FY 2025 and how it will be implemented in FY 2026.

As this is my first report since being appointed as Chair of the Committee in September 2024, I would like to take this opportunity to thank my predecessor, Margaret Snowdon, for her valuable contribution as Chair since IPO and her support to me during the transition.

Operational highlights

The financial year ended 31 March 2025 was another excellent year of robust performance. At a Group level, revenues increased 18% year on year and adjusted fully diluted EPS rose 35% year on year. This was delivered in a year where employee engagement and client satisfaction remained high and our strong culture has been recognised through the winning of various industry awards.

The Company's strong operational and financial progress also continued to be reflected in the share price and value delivered to our shareholders. XPS ended the year again as one of the top performers in the FTSE All-Share, delivering another total shareholder return of over 50% across the year.

A welcomed consequence of this exceptional performance was the Company joining the FTSE 250 Index during the year, which is regarded as a significant milestone for the Group.

Engaging with our stakeholders

Shareholders

At last year's Annual General Meeting held on 5 September 2024, the Remuneration Committee was pleased that shareholders approved the Remuneration Report with 82% of votes for. The Board acknowledges that 18% of votes received were voted against the resolution and recognises that a small number of shareholders have differing views.

Prior to this Directors' Remuneration Report being published, I contacted our largest shareholders to

introduce myself and to provide an update on the recent Committee decisions, including the salary adjustments outlined below. I would like to thank those shareholders that provided feedback. As we will be renewing the three-yearly Directors' Remuneration Policy at the 2026 AGM I will be contacting shareholders again later on this financial year to seek views on our proposals for an updated Policy before these are finalised in preparation for the shareholder vote at the AGM.

Employees

The Employee Engagement Group, chaired by XPS Group's Designated Employee Engagement Non-Executive Director, Aisling Kennedy, considers Executive Directors' remuneration, taking account of employee views.

The Employee Engagement Group was set up with the purpose of providing an "employee voice" to the Board by raising any matters or issues highlighted by employees. It is a forum for employees to share ideas and concerns with the Board in a consultative manner and is not a decision making group. One area of focus for the Employee Engagement Group is reward and remuneration of Executive Directors; members are asked to provide feedback on the Directors' Remuneration Policy and Executive Director objectives. The group improves engagement between the Board and XPS employees.

Wider workforce remuneration

We continue to review the remuneration arrangements for the wider workforce and take these into account when considering remuneration arrangements for the Executive Directors and other members of senior management.

The Remuneration Committee also reviewed the Group's gender pay gap and ethnicity pay gap analysis and action plans.

Annual bonus payments for FY 2025

The financial element of these bonuses is based on Group profit before tax (PBT). The reported Group adjusted PBT for FY 2025 has resulted in a bonus payment of 100% of the maximum for this element of the bonus.

The Committee determined that the strategic objectives had been fully met which, therefore, led to a bonus outturn of 100% of the maximum for the Co-CEOs and CFO.

When considering the appropriateness of the bonus outturn, the Committee was mindful that this was only the third maximum bonus payment since IPO (in 2017) and that in three of the previous seven years the bonus had been reduced, with the agreement of the Co-CEOs, from the formulaic outcome in order to ensure consistency with bonus outcomes in the wider firm.

	% of salary	% of maximum
Ben Bramhall	150%	100%
Paul Cuff	150%	100%
Snehal Shah	125%	100%

Vesting outcomes for the 2022 PSP awards

The July 2022 PSP award is subject to underlying EPS performance and relative TSR performance. The estimated overall vesting of the award is expected to be 100% of maximum.

The Committee considers that the Policy operated as intended during FY 2025 and that remuneration outcomes are consistent with the Group performance and appropriately reflect performance delivered for our shareholders over the respective periods. The Committee felt that no discretion needed to be applied for these remuneration outcomes. With regard to the PSPs, the Committee considers that the increase in share price from the date of grant is aligned to the underlying performance of the business.

Operation of the Directors' Remuneration Policy for FY 2026

Salary review

Looking forward into FY 2026, we have given consideration to actions on pay matters which we regard as appropriate and designed to support shareholders' interests over the long term.

When reviewing the Executive Directors' salaries, the Committee considered the matter holistically, taking into consideration the roles outlined above, the impact of salary increases on total remuneration and increases applicable to the wider workforce along with the strong absolute and relative performance of the Group.

Although the Committee uses benchmarking data with caution, the current remuneration levels have been reviewed against those seen in similar sized companies. The bottom half of the FTSE 250 has been used as this is where the Company currently sits when ranked by market capitalisation.

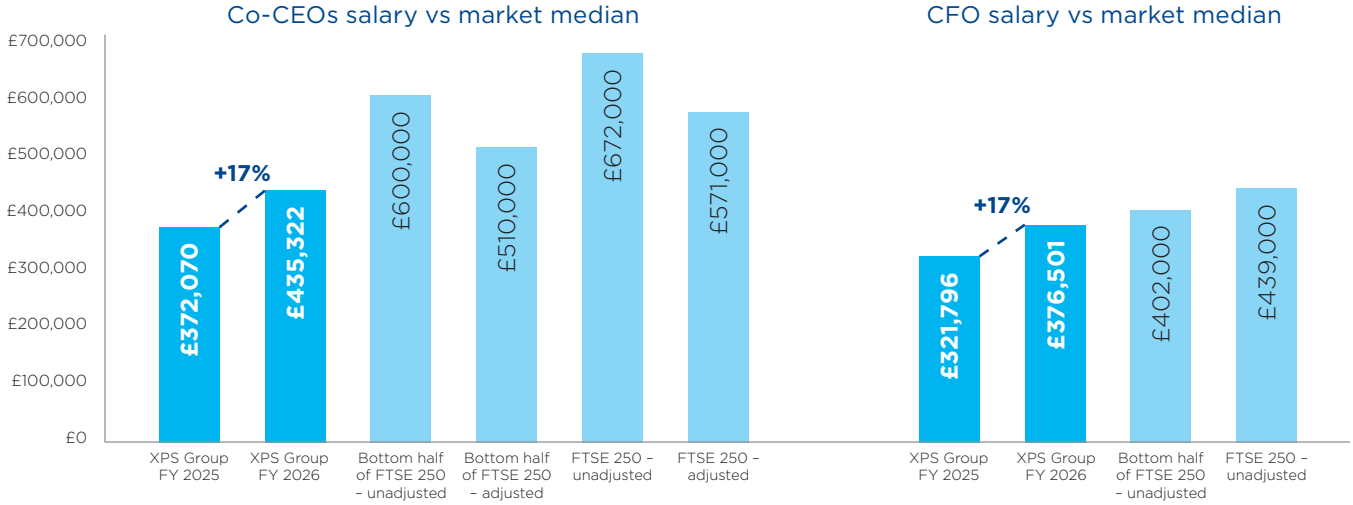
For the Co-CEOs, the salary for FY 2025 of £372,070 compares with the median salary in the bottom half of the FTSE 250 of £600,000. However, when considering the market levels, the Committee considers it appropriate to reduce the CEO data by 15% to reflect a Co-CEO structure. Similar data for the FTSE 250 as a whole (i.e. showing "unadjusted" and "adjusted" data for the Co-CEOs and unadjusted CFO data) is also included below as an additional reference point.

This review demonstrated that at the FY 2025 levels, the salaries are substantially below the adjusted median position for the Co-CEOs and below the median position for the CFO in our selected data sets.

Operation of the Directors' Remuneration Policy for FY 2026 continued

Salary review continued

Noting the size of the discrepancy with market levels and the shareholder preference for any substantial increases to be implemented over a number of years, the Committee determined that it would be appropriate to apply a 17% increase for all the Executive Directors for FY 2026. A summary of the proposed increases and how they compare with the market data is set out below:



The Committee is very mindful of how these increases may be perceived given that they are significantly larger than the 5% average increase of the wider population. However, this approach is in line with that taken throughout the wider organisation – where an individual's base salary is deemed to be significantly below the market for a strong performer, the appropriate recalibration will take place. Further, it should be noted that the annualised increase since 2018 remains broadly aligned with that of the general level of salary increases across the Group:

	1 April 2019	1 April 2020	1 April 2021	1 April 2022	1 April 2023	1 April 2024	**1 April 2025**	Annualised
Co-CEOs	0%	0%	9.0%	6.0%	7.0%	4.5%	**17.0%**	6.1%
Average staff	3.0%	3.2%	3.2%	5.9%	12.0%	5.8%	**5.0%**	5.4%

The Committee was pleased that the recent feedback received from shareholders confirmed support for these adjustments with a recognition that the rationale justified the approach for the highly regarded management team. I am grateful to all those who took the time to provide feedback.

For completeness, assuming that shareholder feedback remains supportive, and the strong performance of the Company continues, a further increase above employee inflation levels may also be considered for FY 2027. This would be further discussed with shareholders as part of the upcoming Policy review (see below) and would only be considered following an appropriate review of business and personal performance.

Incentives

The maximum bonus opportunities for the Co-CEOs and CFO will remain unchanged at 150% and 125% of salary respectively and no changes have been made in respect of the approach to deferral. When setting the bonus target range for FY 2026, an adjustment to the calibration of the thresholds was applied in order to ensure the affordability of the salary increases.

The PSP awards due to be made in July 2025 will be made at the ongoing award levels of 150% and 125% of salary for the Co-CEOs and CFO respectively.

Summary of implementation

A summary of the proposed implementation of the Policy is set out below:

Component	Summary of approach
Base salary and benefits	Base salary and benefits are reviewed annually on 1 April in light of a number of factors, including the approach to salary reviews more generally across the Group and the performance of the individuals and the Company. The base salaries of the Co-CEOs and the CFO have been increased by 17.0% for FY 2026. This compares with an average increase over the year awarded to all staff of 5%. Ben Bramhall – £435,322 Paul Cuff – £435,322 Snehal Shah – £376,501
Pension	Defined contribution/cash supplements of 6% are paid and are aligned with the levels available for new employees. This is well below the rate provided to many employees who have joined the business through the acquisitions we have made.
Annual bonus	Payable subject to the achievement of challenging financial/strategic/personal performance conditions. These are expected to incorporate sustainability, culture and technology-based goals. Malus and clawback provisions apply. Maximum bonus opportunity: Ben Bramhall – 150% of salary Paul Cuff – 150% of salary Snehal Shah – 125% of salary Bonus payments above 100% of salary will be paid in shares, deferred over two years.
Long-term incentives	Annual awards of performance shares. Shares vest, subject to the achievement of the performance conditions, after three years and are subject to a further two-year holding period. Malus and clawback provisions apply. Maximum grant levels FY 2025: Ben Bramhall – 150% of salary Paul Cuff – 150% of salary Snehal Shah – 125% of salary
All-employee share plans	Executive Directors are entitled to participate in all of the Company's employee share plans, including the Share Save Plan, on the same terms as other employees.
Share ownership guidelines	Executive Directors are subject to a minimum shareholding requirement of 200% of salary with a requirement to maintain a shareholding post-cessation of employment at 200% for one year and 100% for a second year.

I hope that you find this year's report a clear account of the Committee's application of the Policy during the year. At the forthcoming AGM there will be an advisory vote in respect of the Directors' Remuneration Report and I look forward to your continued support of remuneration at XPS.

I would also like to thank my fellow Committee members for their valuable contributions during the year.

Imogen Joss
Chair of the Remuneration Committee
18 June 2025

Directors' Remuneration Policy

This Remuneration Policy, which has been approved by the Board, contains the material required to be set out in the Directors' Remuneration Report for the purposes of Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, which amended The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "DRR Regulations").

The Directors' Remuneration Policy as set out in this section of the Directors' Remuneration Report was approved in March 2024 and took effect for all payments made to Directors with effect from the conclusion of the General Meeting at which it was approved. The Policy as approved can be found at xpsgroup.com/investors/shareholder-information/agms-and-general-meetings. We have reproduced the Directors' Remuneration Policy here for the convenience of our shareholders.

Element and purpose	Policy and operation	Maximum	Performance measures
Base salary The core element of pay, reflecting the individual's position within the Company and experience	The base salary of each Executive Director takes into account the performance of each individual and is set at an appropriate level to secure and retain the talent needed to deliver the Group's strategic objectives. Salaries are reviewed annually on 1 April and are influenced by: information from relevant comparator groups (referencing the Group's competitors and public companies in other industries); the performance of each individual Executive Director; and average increases for employees across the Group as a whole.	Annual increases will not exceed 7.5% + RPI or the average increase of employees across the Group in any given year, whichever is higher. The level of increase may deviate from this maximum in the case of special circumstances, for example, increases in responsibilities or promotion. As an example, this may occur if the market capitalisation of the Company increases as the shares are "re-rated" by investors such that the comparator group changes. In this scenario, the Board would consider the increase and the performance of the Company. Other elements of remuneration may also change. In these cases, any exceptional increase will not exceed 20% of salary a year.	n/a
Benefits in kind To provide market-competitive benefits valued by recipients	Benefits currently include permanent health insurance, life insurance, private medical insurance and car allowance and may also include other benefits in the future. In certain limited circumstances, relocation allowances may be necessary. All benefits are subject to annual review to ensure they remain in line with market practice.	Benefits (excluding any relocation allowances) may be provided up to an aggregate value of normally £35,000 for each Executive Director (indexed to inflation).	n/a
Pension To provide retirement benefits	Executive Directors participating in the pension plan benefit from matching annual Group contributions of 6% of base salary. Executive Directors are entitled to take all or part of their pension contributions as a cash allowance.	The maximum employer's contribution (or cash supplement) is 6% of salary. Executive Directors' employer's contribution levels are aligned to the contribution levels for the majority of the workforce.	n/a

Element and purpose	Policy and operation	Maximum	Performance measures
Annual bonus To motivate Executive Directors and support the delivery of the Group's financial and strategic business target over a one-year operating cycle	Annual bonus plan levels and the appropriateness of measures are reviewed annually to ensure they continue to support our strategy. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events (e.g. corporate acquisitions, other major transactions) where the Committee considers it to be necessary in its opinion to make appropriate adjustments. For financial years commencing following the approval of this Policy, bonus payments of up to 100% of salary are to be paid as cash with amounts in excess of this deferred into shares for two years. The value of the deferred awards may be increased to reflect the value of dividends that would have been paid in respect of any record dates falling between the grant of awards and the expiry of any vesting period. Clawback and malus provisions apply as explained in more detail in the notes to this Policy table.	The maximum annual bonus opportunity is 150% of base salary. For FY 2026, the maximum opportunity will be 150% of base salary for the Co-CEOs and 125% for the CFO.	Bonuses will be payable subject to the achievement of performance conditions which will be set by the Remuneration Committee. The targets may be financial and/or personal and strategic. The intended weighting of these measures is not less than 60% financial. Where a sliding scale of targets is used, attaining the threshold level of performance for any measure will not typically produce a payout of more than 20% of the maximum portion of overall annual bonus attributable to that measure, with a sliding scale to full payout for maximum performance. Bonus payments will also be subject to the Committee considering that the proposed bonus amounts, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it retains the discretion to adjust the bonus outturn accordingly.
Performance Share Plan To motivate Executive Directors and incentivise the delivery of sustained performance over the long term, and to promote alignment with shareholders' interests	Awards under the PSP may be granted as nil/nominal cost options which vest to the extent performance conditions are satisfied over a period normally of at least three years. Awards will vest at the end of the specified vesting period at the discretion of the Remuneration Committee and are subject to a further holding period of two years (or such shorter period so that the period from the date of grant until the end of the holding period will be equal to five years). The PSP rules allow that the number of shares (or the cash equivalent) subject to vested PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any record dates falling between the grant of awards and the expiry of any vesting period. Clawback and malus provisions applied are explained in more detail in the notes to this Policy table.	The market value of shares to be awarded to Executive Directors in respect of any year will normally be up to 150% of base salary, with awards of a maximum of 200% allowable in exceptional circumstances.	The Remuneration Committee may impose such conditions as it considers appropriate which must be satisfied before any award will vest. All awards made to Executive Directors will be subject to performance conditions which measure performance over a period normally no less than three years. No more than 25% of awards vest for attaining the threshold level of performance. The formulaic outcome of all PSP performance measures will also be subject to the Committee considering that the proposed levels, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it retains the discretion to adjust the PSP outturn accordingly.

Directors' Remuneration Policy continued

Element and purpose	Policy and operation	Maximum	Performance measures
Share ownership guidelines To promote stewardship and to further align the interests of Executive Directors with those of shareholders	The share ownership guidelines encourage Executive Directors to build or maintain (as appropriate) a shareholding in the Company. If any Executive Director does not meet the guideline, they will be expected to retain up to 50% of the net of tax number of shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) until the guideline is met. Any performance vested shares subject to a holding period and any shares awarded in connection with annual bonus deferral will be credited for the purpose of the guidelines (discounted for anticipated tax liabilities). Executive Directors will be required to maintain a shareholding in the Company for a two-year period after stepping down from that position, being in the first year, the lesser of the guideline level or the Executive Directors' actual relevant shareholding at leaving and reducing to 50% of this requirement in the second year. For the purpose of this requirement, the Executive Directors' actual relevant share-holding will include shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) from awards granted after the 2020 AGM but excludes shares acquired and the release of shares under share incentive plans where the grant occurred prior to the adoption of the Policy. The Committee will retain the discretion to remove the holding requirement if it is deemed to be inappropriate.	No maximum level but not less than 200% of base salary for any Executive Director.	n/a
All-employee share plans To facilitate and encourage share ownership by staff, thereby allowing everyone to share in the long-term success of the Company and align interests with those of shareholders	The Executive Directors will be entitled to participate in all of the Company's employee share plans, including the Share Save Plan, on the same terms as other employees. These all-employee share plans are established under HMRC tax-advantaged regimes and follow the usual form for such plans.	The maximum participation levels for all-employee share plans will be the limits for such plans set by HMRC from time to time. However, the Company may impose lower limits on a scheme-by-scheme basis.	Consistent with normal practice, such awards would not be subject to performance conditions.

Element and purpose	Policy and operation	Maximum	Performance measures
Chairman and Non-Executive Directors' fees To enable the Company to recruit and retain Company Chairs and Non-Executive Directors of the highest calibre, at the appropriate cost	The fees paid to the Chairman and Non-Executive Directors aim to be competitive with other listed companies of equivalent size and complexity. The fees payable to the Non-Executive Directors are determined by the Board, with the Chairman's fees determined by the Committee. No Director participates in decisions regarding their own fees. The Chairman and Non-Executive Directors do not participate in any new cash or share incentive plans. The Chairman and Non-Executive Directors are entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate. The Chairman is paid a single fee for the role, although he will be entitled to an additional fee if he is required to perform any specific and additional services. Non-Executive Directors receive a base fee for the role. Additional fees are paid for acting as Senior Independent Director, Chair of the Audit & Risk, Remuneration or other Board Committees or Designated Employee Engagement NED to reflect the additional time commitment. They will be entitled to an additional fee if they are required to perform any specific and additional services.	The aggregate fees and any benefits of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees, currently £750,000 p.a. in aggregate. Any increases in fee levels made will be appropriately disclosed.	n/a

Notes to the Policy table

1. **Stating maxima for each element of the Remuneration Policy:** The DRR Regulations and related investor guidance encourage companies to disclose a cap within which each element of the Directors' Remuneration Policy will operate. Where maximum amounts for elements of remuneration have been set within the Policy, these will operate simply as caps and are not indicative of any aspiration.
2. **Travel and hospitality:** While the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality, whether paid for by the Company or another, and business travel for Directors (and in exceptional circumstances their families) may technically come within the applicable rules, and so the Committee expressly reserves the right to authorise such activities.
3. **Past obligations:** In addition to the above elements of remuneration, any commitment made prior to, but due to be fulfilled after, the approval and implementation of this Remuneration Policy will be honoured.
4. **Malus/clawback:** The Committee may apply malus (being the ability to withhold or reduce a payment/vesting) and clawback (the ability to reclaim some or all of a payment/vesting) to an award under the annual bonus or PSP where there are circumstances which would justify such action.

The relevant circumstances where these powers of recovery may operate include:

- the Company materially misstated its financial results for any reason and that misstatement would result or resulted either directly or indirectly in an award being granted or vesting to a greater extent than would have been the case had that misstatement not been made;
- the extent to which any performance target and/or any other condition was satisfied was based on an error, or on inaccurate or misleading information or assumptions which resulted either directly or indirectly in an award being granted or vesting to a greater extent than would have been the case had that error not been made;
- circumstances arose (or continued to arise) during the vesting period (including any holding period) of an award which would have warranted the summary dismissal of the participant; or
- there is a sufficiently significant impact on the reputation of the Company (including a Company failure) to justify the operation of malus or clawback.

Normally, clawback can operate for up to two years following the vesting of an award.

Directors' Remuneration Policy continued

Notes to the Policy table continued

5. **Performance conditions:** The performance-related elements of remuneration take into account the Group's risk policies and systems, and are designed to align the senior executives' interests with those of shareholders. The Committee reviews the metrics used and targets set for the Group Executive Directors and senior management (not just the Executive Directors) every year, in order to ensure that they are aligned with the Group's strategy and to ensure an appropriate level of consistency.
6. **Differences between the policy in respect of remuneration for Directors and the policy on remuneration for other staff:** While the appropriate benchmarks vary by role, the Company seeks to apply the philosophy behind this Policy across the Company as a whole. Where the Group's pay policy for Directors differs from its pay policies for groups of staff, this reflects the appropriate market rate position and/or typical practice for the relevant roles. The Company takes into account pay levels, bonus opportunity and share awards applied across the Group as a whole when setting the Executive Directors' Remuneration Policy.
7. **Committee discretions:** The Committee will operate the annual bonus plan and PSP according to their respective rules and the above Remuneration Policy table. The Committee retains discretion, consistent with market practice, in a number of respects, in relation to the operation and administration of these plans. This discretion includes, but is not limited to, the following:
   - the selection of participants;
   - the timing of grant of awards;
   - the size of an award/bonus opportunity subject to the maximum limits set out in the Remuneration Policy table and the rules of the relevant plan;
   - the determination of performance against targets and resultant vesting/payouts;
   - discretion required when dealing with a change of control or restructuring of the Company;
   - determination of the treatment of leavers based on the rules of the relevant plan and the appropriate treatment chosen;
   - adjustments required in certain circumstances (e.g. rights issue, corporate restructuring events and special dividends); and
   - the annual review of performance measures, weightings and targets from year to year.

   In addition, while performance measures and targets used in the annual bonus plan and PSP will generally remain unaltered, if events occur which the Committee determines would make a different or amended target a fairer measure of performance, such amended or different targets can be set provided they are not materially more or less difficult to satisfy, having regard to the event in question.

Any use of the above discretion would, where relevant, be explained in the Annual Report on Directors' Remuneration and may, where appropriate and practicable, be the subject of consultation with the Company's major shareholders.

The Committee may make minor amendments to the Remuneration Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.

Remuneration policy on recruitment

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the Remuneration Policy for Executive Directors as set out above and structure a package in accordance with that Policy. Consistent with the DRR Regulations, any caps contained within the Policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice unless absolutely necessary.

The annual bonus plan and PSP, including the maximum award levels, will operate as detailed in the general Remuneration Policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For both external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy-out awards forfeited by the individual on leaving a previous employer. Any recruitment-related awards which are not buy-outs will be subject to the limits of the annual bonus plan and PSP as stated in the general Policy. Details of any recruitment-related awards will be appropriately disclosed.

For any buy-outs the Company will not pay more than is necessary in the view of the Committee and will be limited in value to what the Committee considers to be a fair estimate of the value of the awards foregone. The Committee will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing annual bonus plan and PSP. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing annual bonus plan and PSP.

All buy-outs, whether under the annual bonus plan, PSP or otherwise, will take due account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer.

The Committee will seek, where it is practicable to do so, to make buy-outs subject to what are, in its opinion, comparable requirements in respect of service and performance. However, the Committee may choose to relax this requirement in certain cases, such as where the service and/or performance requirements are materially completed, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited, and where the Committee considers it to be in the interests of shareholders.

Service contracts

Executive Directors

Ben Bramhall and Paul Cuff entered into a service agreement with the Company that was effective upon admission and dated 16 February 2017. Snehal Shah entered into a service agreement with the Company that was effective 28 May 2019, the date of his employment beginning, although Snehal was not appointed as Chief Financial Officer until FCA approval was received on 9 July 2019. The policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination by the Company or the individual on no more than 12 months' notice.

The service agreements of all Executive Directors, which are available for inspection at the Company's registered office, comply with this policy:

- the Executive Directors' service agreements are terminable by either party on not less than nine months' written notice for the Co-CEO, six months for the CFO or immediately upon payment in lieu of notice, and contain a garden leave clause; and
- in each case any payment in lieu of notice will be calculated by reference to base salary and contractual benefits only, and will not include any entitlement to bonus.

Chairman and Non-Executive Directors

The appointments of Alan Bannatyne and Margaret Snowdon OBE are subject to the terms of letters of appointment agreed between each of them and the Company dated 24 January 2017, the appointment of Sarah Ing is subject to the terms of a letter of appointment dated 19 March 2019, the appointment of Aisling Kennedy is subject to the terms of a letter of appointment dated 22 February 2023 and the appointments of Imogen Joss and Martin Sutherland are subject to the terms of letters of appointment dated 7 December 2023. They are not entitled to receive any compensation on termination of their appointment (other than payment in respect of a notice period where notice is served) and are not entitled to participate in the Company's share plans, bonus arrangements or pension schemes.

They are entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of their duties.

Their appointment may be terminated at any time upon three months' written notice by either party and with immediate effect in certain circumstances. The appointment may also be terminated pursuant to the Articles or as otherwise required by law. They are subject to retirement by rotation every three years under the Articles but intend to retire and submit themselves for re-election by shareholders each year at the Annual General Meeting.

Remuneration policy on termination

The Committee will consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the annual bonus plan and PSP. The potential treatments on termination under these plans are as follows:

Annual bonus plan

If an Executive Director resigns or is dismissed for cause before the bonus payment date, the right to receive any bonus normally lapses (unless the Committee determines otherwise). If an Executive Director ceases employment before the bonus date because of death, injury, ill health, disability or any other reason determined by the Committee, such bonus will be payable as the Committee in its absolute discretion determines taking into account the circumstances for leaving, time in employment and performance. Similar treatment will apply in the event of a change in control of the Company.

Deferred bonus awards are normally preserved in all leaver cases (unless an Executive Director ceases employment due to gross misconduct or gross negligence) but release will not typically be accelerated, except in the case of death in service. The Committee has the ability to release a leaver's awards early in exceptional circumstances.

Directors' Remuneration Policy continued

Remuneration policy on termination continued

Performance Share Plan (PSP)

The Committee's Policy is in accordance with the rules of the Performance Share Plan 2017. If, during the performance or vesting period, a participant:

- resigns or is dismissed for cause, awards will normally lapse in full; and
- ceases to be employed due to death, ill health, injury or disability, retirement with the agreement of the participant's employer, redundancy, the sale or transfer of the participant's employing company or business out of the Group (other than on change of control), or for other reasons specifically approved by the Committee, the award shall be retained and will vest at the normal vesting date (unless the Committee exercises its discretion to allow awards to vest early on cessation in exceptional circumstances) to the extent that the Committee determines. The Committee will determine the extent to which an award will vest taking into account the extent to which the performance conditions have been met and, where appropriate, the period that has expired to the date of cessation.

If a participant ceases employment during the holding period, performance-vested awards will normally be retained and vest as normal at the end of the holding period (unless the Committee exercises its discretion to allow awards to vest early on cessation in suitable cases).

The all-staff Share Save scheme provides treatments for leavers in line with HMRC rules for such plans.

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims.

In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements.

External appointments

The Company's policy on external appointments permits an Executive Director, subject to the approval of the Chairman, to serve as a Non-Executive Director for normally no more than one other organisation where this does not conflict with the individual's duties to the Company. When an Executive Director takes such a role, they may be entitled to retain any fees which they earn from that appointment.

Statement of consideration of employment conditions elsewhere in the Company

The Committee receives regular updates on overall pay and conditions in the Company which enable it to take the wider workforce remuneration into account when setting the policy for executive remuneration. Whilst the Committee does not consult directly with employees as part of the process for reviewing executive pay, the Committee does receive insights from the broader employee population via an Employee Engagement Group. Accordingly, the Committee confirms that the new Policy has been designed with due regard to the policy for remuneration of employees across the Group.

The Remuneration Policy for other employees is based on broadly consistent principles as described above. Annual salary reviews across the Company take into account Company performance, relevant pay and market conditions and salary levels for similar roles in comparable companies.

Other members of senior management participate in similar annual bonus arrangements to the Executive Directors, although award sizes vary by organisational level. Share incentive awards may also be granted to a broader population than the Executive Directors although the award sizes and terms of the awards vary. The Company operates discretionary bonus schemes for eligible groups of employees under which a bonus is payable subject to the achievement of appropriate targets. All eligible employees may participate in the Company's Share Save scheme on identical terms.

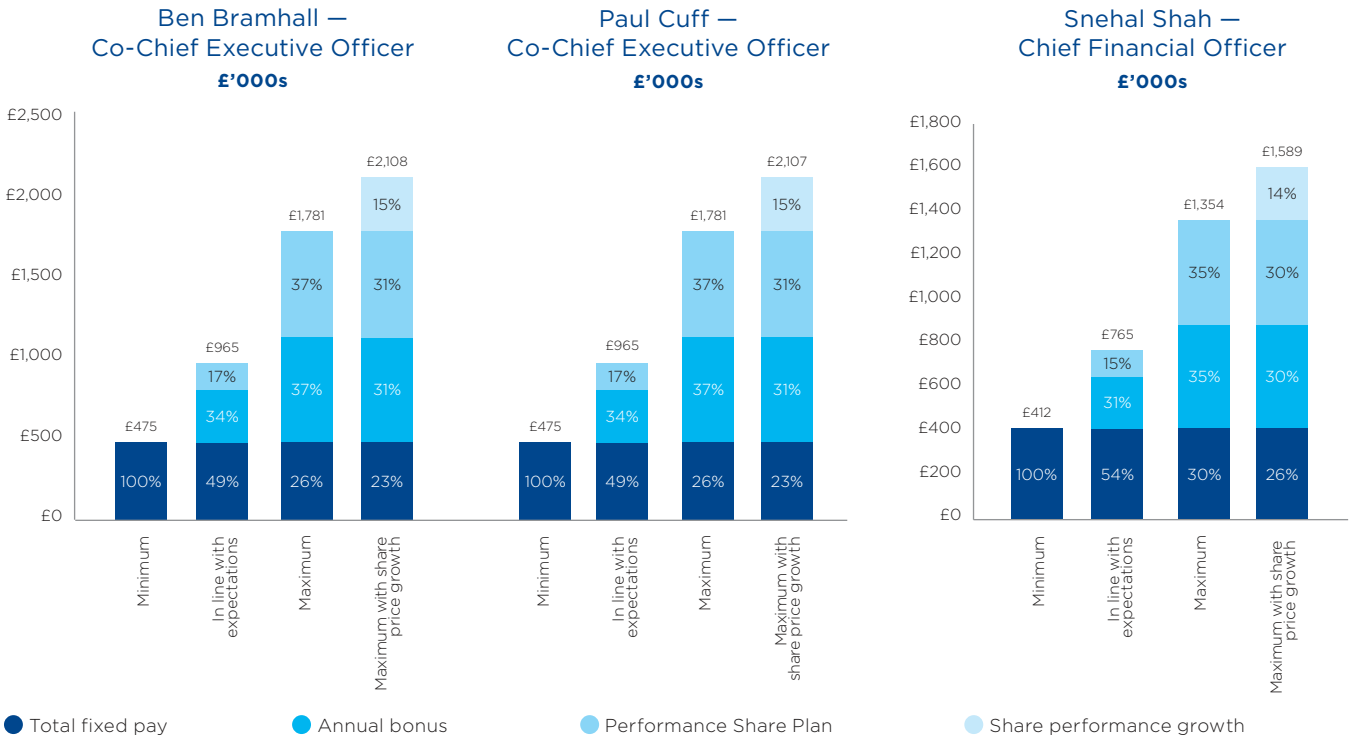
Statement of consideration of shareholders' views

The Committee considers shareholder views received during the year and at each AGM, as well as guidance from shareholder representative bodies more broadly, when determining the Remuneration Policy and its implementation. The Committee seeks to build an active and productive dialogue with investors on developments on the remuneration aspects of corporate governance generally and it will consult with major shareholders in advance of any material change to the structure and/or operation of the Policy and will seek formal shareholder approval for any such change if required.

Illustrations of application of the Directors' Remuneration Policy

The charts below show how the Remuneration Policy set out above will be applied for Executive Directors in FY 2026 based on three performance scenarios and using the assumptions below.

Minimum	Consists of base salary, benefits and pension: • base salary is the salary to be paid in FY 2026; • benefits measured as benefits paid in FY 2025; and • pension measured as the defined contribution or cash allowance in lieu of Company contributions of 6%.
Target	Based on what the Executive Director would receive if performance were in line with expectations or on target (excluding share price appreciation and dividends): • annual bonus: consists of the on-target bonus (50% of maximum opportunity used for illustrative purposes); and • PSP: consists of the threshold level of vesting (25% vesting) under the PSP.
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): • annual bonus: consists of maximum bonus of 150% of salary for the Co-CEOs and 125% of salary for the CFO; and • PSP: consists of the face value of awards (150% of base salary for Co-CEOs and 125% of base salary for the CFO) under the PSP.
Maximum with 50% share price growth	As the maximum scenario plus the value resulting from a share price growth of 50% in relation to the PSP award.



Remuneration Committee membership

The Remuneration Committee is chaired by Imogen Joss. Alan Bannatyne, Sarah Ing, Aisling Kennedy, Margaret Snowdon OBE and Martin Sutherland are also members of the Committee. The Committee meets at least twice a year and at such other times as the Chair of the Committee shall require or as the Board may direct. The Committee met three times during the year. All members attended every Committee meeting they were eligible to attend throughout the year.

Other individuals, such as the Co-Chief Executive Officers, the Chief Financial Officer, the HR Director and external professional advisers, were invited to attend for all or part of any meeting as and when appropriate and necessary. The purpose of the Committee is to establish a formal and transparent procedure for developing the Remuneration Policy in accordance with the Code and to set the remuneration of the Chairman and selected individuals with due account taken of all relevant factors such as individual and Group performance as well as remuneration payable by companies of a comparable size and complexity.

The Committee has formal terms of reference which are reviewed annually and can be viewed on the Company's website: www.xpsgroup.com.

Advisers

FIT Remuneration Consultants LLP (FIT), signatory to the Remuneration Consultants Group's Code of Conduct, was appointed by the Committee. FIT has been retained to provide advice to the Committee on matters relating to executive remuneration. FIT provided no other services to the Company and, accordingly, the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of FY 2025 were £62,258 (FY 2024: £73,958). FIT's fees are charged on the basis of the firm's standard terms of business for advice provided.

The following (audited) section provides details of how the Directors were paid during the financial year to 31 March 2025:

Director		Salary/fees £	Taxable benefits[1] £	Bonus[2] £	Long-term incentives[3] £	Pension[4] £	Total remuneration £	Total fixed pay £	Total variable pay £
Executive Directors									
Ben Bramhall	**2025**	**372,070**	**13,645**	**558,105**	**1,377,337**	**20,830**	**2,341,987**	**406,545**	**1,935,442**
	2024	356,048	13,320	534,072	1,156,726	19,985	2,080,151	389,353	1,690,798
Paul Cuff	**2025**	**372,070**	**13,445**	**558,105**	**1,377,337**	**20,830**	**2,341,787**	**406,345**	**1,935,442**
	2024	356,048	13,120	534,072	1,156,726	19,985	2,079,951	389,153	1,690,798
Snehal Shah	**2025**	**321,796**	**13,233**	**402,246**	**969,504**	**18,179**	**1,724,958**	**353,208**	**1,371,750**
	2024	300,745	12,872	375,931	814,214	17,069	1,520,831	330,686	1,190,145
Non-Executive Directors									
Alan Bannatyne[5]	**2025**	**150,000**	**—**	**—**	**—**	**—**	**150,000**	**150,000**	**—**
	2024	120,000	—	—	—	—	120,000	120,000	—
Margaret Snowdon OBE	**2025**	**71,806**	**—**	**—**	**—**	**—**	**71,806**	**71,806**	**—**
	2024	75,000	—	—	—	—	75,000	75,000	—
Sarah Ing	**2025**	**75,000**	**—**	**—**	**—**	**—**	**75,000**	**75,000**	**—**
	2024	75,000	—	—	—	—	75,000	75,000	—
Aisling Kennedy	**2025**	**71,845**	**—**	**—**	**—**	**—**	**71,845**	**71,845**	**—**
	2024	60,000	—	—	—	—	60,000	60,000	—
Imogen Joss[6]	**2025**	**71,349**	**—**	**—**	**—**	**—**	**71,349**	**71,349**	**—**
	2024	19,048	—	—	—	—	19,048	19,048	—
Martin Sutherland[6]	**2025**	**60,000**	**—**	**—**	**—**	**—**	**60,000**	**60,000**	**—**
	2024	19,048	—	—	—	—	19,048	19,048	—
Total	**2025**	**1,565,936**	**40,323**	**1,518,456**	**3,724,178**	**59,839**	**6,908,732**	**1,666,098**	**5,242,634**
	2024	1,380,937	39,312	1,444,075	3,127,666	57,039	6,049,029	1,477,288	4,571,741

1 Each of the Executive Directors is entitled to a range of benefits, comprising permanent health insurance, life insurance, private medical insurance and car allowance. The Non-Executive Directors do not receive other benefits.

2 The cash element of the bonus is up to 100% of salary. The remainder (33.3% of the total bonus for Ben Bramhall and Paul Cuff, 20% for Snehal Shah) will be deferred and awarded as a nominal cost option under the rules of the Deferred Share Bonus Plan (DSBP) in July 2025. These awards will vest after two years and will be subject to malus and clawback provisions.

3 The outturn for the July 2022 PSP which vests in July 2025 is expected to be 100% and the vesting share price has been estimated at 358.73p, based on the three-month average share price ended 31 March 2025. The grant share price for the award was 130p and accordingly the relevant figures are reflective of an increase of 176% in the Company's share price comparing the award price to the vesting price. Details of the performance measures and targets applicable to the 2023 PSP are set out on page 93. The outturn for the July 2021 PSP which vested on 1 July 2024 was 100% and the value has been updated reflecting the actual vesting share price of 316p and the dividend equivalents.

4 Pension values shown all relate either to pension contributions or to cash allowances in lieu of pension.

5 Appointed Non-Executive Chairman on 30 November 2022.

6 Appointed to the Board on 7 December 2023.

FY 2025 annual bonus (audited)

The Executive Directors' annual bonus targets were set at the beginning of the financial year. The financial targets which account for 75% of the annual bonus were set based on Group PBT. The Group PBT targets set are shown below.

	Threshold £m	Target £m	Maximum £m	Actual £m	Payout (% of this element)
Group adj. PBT (75% of potential)	49.0	51.8	53.6	59.5	100%

The personal performance goals which account for 25% of the annual bonus were agreed with each Executive Director and were based on a range of strategic and other objectives set at the start of the year. The targets were principally designed to focus and reward the Executive Directors for accomplishing strategic goals which directly support the Company's strategy. Details of the measures and performance, to the extent they are not commercially sensitive, are outlined below.

Ben Bramhall and Paul Cuff – Co-CEOs to be updated

Measure	Target	Performance	Assessment
Maintain high level of staff satisfaction and morale	Maintain high employee satisfaction score in employee survey	Employee Net Promoter Score of +24 achieved.	100%
Progress inclusion and diversity agenda	Increase females in senior management roles	Increase in the percentage of females in the senior management team (from 35% to 38%) achieved.	100%
Maintain high level of client satisfaction Continued effectiveness of client care programme	High level of client retention to be maintained	Strong Client Insight Survey results achieved. Client retention remained very high with no material client losses due to service quality.	100%
Pursue and execute accretive M&A opportunities and diversification into the Insurance Consulting market	Execute smoothly any opportunities approved by the Board	Successful growth of the Insurance Consulting division and supporting acquisition of Polaris Actuaries and Consultants Ltd.	100%
Technology	Smooth client transition onto new administrative platform to commence	Client transition is on track, around 300,000 members have moved onto the system so far.	100%

Snehal Shah – CFO

Measure	Target	Performance	Assessment
Support embedding improved KPIs in certain business areas	Improved financial reporting to the Board and Executive Committee	Revised KPIs fully embedded in financial reporting cycle with fuller management information pack produced, significantly improving wider management team's understanding of performance drivers and improved decision making.	100%
Maintain OCF conversion	Above 90%	Achieved, with further improvement in the billing and collection cycle year on year.	100%
Continue to strengthen Group's risk management and preparation for Corporate Governance Changes	Refreshed risk register and implementation plan for risk related governance changes	Updated risk register with clearly identified risk mitigations and controls. Work underway to ensure compliance with Provision 29 of 2024 UK Corporate Governance Code.	100%
Continue to drive strong shareholder interest and engagement in XPS	Meet with non-holders and secure new institutional investors	Met with over 60 non-holders and new institutional investors, including overseas investors, joined the share register.	100%

Each objective is measurable (albeit some detail has been removed given the commercially sensitive nature), with target achievement levels evidenced by activities and outcomes. The Remuneration Committee then assessed performance against each objective in each category on the basis of evidenced outcomes and rated the level of achievement.

In light of the high standards of attainment of each of the Executive Directors, the Remuneration Committee assessed that performance against the targets had been met in full and would result in 100% of maximum for this element of bonus to be payable to the Co-CEOs and CFO.

FY 2025 annual bonus (audited) continued

This results in an outcome in aggregate of 100% of maximum for the Co-CEOs and CFO.

		Outcomes		
	Weightings	Ben Bramhall	Paul Cuff	Snehal Shah
Financial performance (% of this element)	75%	100%	100%	100%
Strategic performance (% of this element)	25%	100%	100%	100%
Total actual performance outcome (% of maximum)		100%	100%	100%
Total actual performance outcome (% of salary)		150%	150%	125%
Total actual performance outcome (£)		£558,105	£558,105	£402,246

Statement of Directors' shareholding and share interests (audited)

For each Director, the total number of Directors' interests in shares at 31 March 2025 was as follows:

Director	Ben Bramhall	Paul Cuff	Snehal Shah	Alan Bannatyne	Margaret Snowdon OBE	Sarah Ing	Aisling Kennedy	Imogen Joss	Martin Sutherland
Number of ordinary shares held as at 31 March 2025	**492,246**	**427,852**	**210,951**	**49,627**	**30,303**	**15,000**	**—**	**—**	**—**
Share ownership requirement (% of salary)	200%	200%	200%	n/a	n/a	n/a	n/a	n/a	n/a
Share ownership requirement met?	Y	Y	Y	n/a	n/a	n/a	n/a	n/a	n/a
Holding as % of March 2025 salary	**496%**	**431%**	**246%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Number of ordinary shares held as at 31 March 2024	821,374	489,016	150,902	36,594	30,303	15,000	—	—	—

The shareholdings above include those held by Directors and their respective connected persons. There were no changes in the Directors' interests in shares between 31 March 2025 and 18 June 2025.

Under the share ownership guidelines, the Executive Directors are required to build and maintain a shareholding equivalent to at least 200% of salary and are required to maintain a shareholding for a period after leaving the Board.

Awards granted in the year under the PSP (audited)

The following nominal cost option PSP awards were granted in July 2024.

These awards vest in 2027 subject to performance relating to a mix of adjusted EPS, relative TSR and ESG-related targets. The details of these targets are shown in the "Outstanding share plan awards" section below.

Director	Date of grant	Basis of award (% of salary)	Face value of awards at grant[1]	Number of shares under award	Date of vesting
Ben Bramhall	1 July 2024	150%	£558,104	186,657	July 2027
Paul Cuff	1 July 2024	150%	£558,104	186,657	July 2027
Snehal Shah	1 July 2024	125%	£402,248	134,531	July 2027

1 Based on the share price of £2.99 on 28 June 2024.

Outstanding share plan awards (audited)

Details of all outstanding PSP awards made to Executive Directors are set out below:

Director	Date of grant	Exercise price	Interests held at 31 March 2024	Interests awarded during the year	Interests vested during the year	Interests lapsed during the year	Interests held at 31 March 2025	Vesting date
Ben Bramhall	1 July 2021	0.05p	341,217	—	341,217[1]	—	—	July 2024
	1 July 2022	0.05p	383,948	—	—	—	383,948	July 2025
	17 July 2023	0.05p	333,200	—	—	—	333,200	July 2026
	1 July 2024	0.05p	—	186,657	—	—	186,657	July 2027
Paul Cuff	1 July 2021	0.05p	341,217	—	341,217[2]	—	—	July 2024
	1 July 2022	0.05p	383,948	—	—	—	383,948	July 2025
	17 July 2023	0.05p	333,200	—	—	—	333,200	July 2026
	1 July 2024	0.05p	—	186,657	—	—	186,657	July 2027
Snehal Shah	1 July 2021	0.05p	240,181	—	240,181[3]	—	—	July 2024
	1 July 2022	0.05p	270,260	—	—	—	270,260	July 2025
	17 July 2023	0.05p	241,239	—	—	—	241,239	July 2026
	1 July 2024	0.05p	—	134,531	—	—	134,531	July 2027

1 On 3 July 2024, Ben Bramhall exercised awards over 341,217 shares granted on 1 July 2021 and sold 160,965 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £3.13.

2 On 3 July 2024, Paul Cuff exercised awards over 341,217 shares granted on 1 July 2021 and sold 143,847 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £3.13.

3 On 3 July 2024, Snehal Shah exercised awards over 240,181 shares granted on 1 July 2021 and sold 113,302 shares to settle resultant tax and social security obligations. The closing share price on the day of exercise was £3.13.

Vesting outcomes for the FY 2023 PSP awards (granted in July 2022)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in July 2025 subject to performance relating to: (i) adjusted earnings per share (EPS) targets as to 75% of the award; and (ii) relative total shareholder return (TSR) targets as to the remaining 25% of the award.

The details of the EPS and TSR target ranges are shown in the table below:

Diluted adjusted EPS for the three-year period to the end of FY 2025	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 5%	0%
CAG of 5%	25%
CAG of between 5% and 10%	Between 25% and 100% on a straight-line basis
CAG of 10% or more	100%
Actual performance[1]: CAG of 29%	100%

1 Measured on a constant tax rate basis, to ensure the outturn is an accurate reflection of operational performance.

XPS Group's TSR ranking vs a comparator group[2] of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%
Actual performance[2]: Above upper quartile threshold	100%

2 Based on performance to the end of May 2025. This is an estimate as TSR performance will be measured to the third anniversary of the date of grant which is 1 July 2025.

The TSR comparator group consists of the constituents of the FTSE Small Cap Index (excluding investment trusts) at the start of the performance period.

Vesting outcomes for the FY 2023 PSP awards (granted in July 2022) continued

Based on the above the expected percentage of the total award vesting is 100% of maximum. Details of the shares under award and their estimated value (based on the three-month average share price at 31 March 2025 of 358.73p per share) are as follows.

Executive	Maximum number of shares	Number of shares to vest	Number of shares to lapse	Estimated value vesting £[1]
Ben Bramhall	383,948	383,948	—	1,377,337
Paul Cuff	383,948	383,948	—	1,377,337
Snehal Shah	270,260	270,260	—	969,504

1 Based on the three-month average share price to 31 March 2025.

The awards also receive the value of dividend equivalents.

FY 2024 PSP awards (granted in July 2023)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in 2026. These awards comprised a main award and a one-off additional award.

Vesting of both awards will be based on the measures as summarised in the tables below, with performance measured over a three-year period.

For the main award, there are three performance criteria, with the vesting of 70% of the shares under this award subject to EPS performance, 20% subject to relative total shareholder return and the remaining 10% is based on a reduction of the Company's CO_2 emissions.

The details of the target ranges are shown in the table below:

Diluted adjusted EPS[1] for the three-year period to the end of FY 2026	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 5%	0%
CAG of 5%	25%
CAG of between 5% and 10%	Between 25% and 100% on a straight-line basis
CAG of 10% or more	100%

1 Measured on a constant tax rate basis, to ensure the outturn is an accurate reflection of operational performance.

The EPS target range was set considering both the internal and external expectations for EPS performance over the next three years.

XPS Group's TSR ranking vs a comparator group[2] of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%

2 The TSR comparator group consists of the constituents of the FTSE Small Cap Index (excluding investment trusts) at the start of the performance period.

XPS Group's CO_2 emissions[3] for the three-year period to the end of the FY 2026	Portion of award vesting
Below 20% reduction	0%
20% reduction	25%
Between 20% and 30% reduction	Between 25% and 100% on a straight-line basis
30% of more reduction	100%

3 The CO_2 emissions are based on Scope 1 and 2 emissions and will be calculated on an emissions per number of employees basis.

For the additional award, vesting is fully based on EPS performance. The details of the EPS target range is shown in the table below:

Diluted adjusted EPS[1] for the three-year period to the end of the FY 2026	Portion of award vesting
CAG of 10%	0%
CAG of between 10% and 15%	Between 25% and 100% on a straight-line bases
CAG of 15% or more	100%

1 Measured on a constant tax rate basis to ensure the outturn is an accurate reflection of operational performance.

The EPS performance range of the additional award was set to ensure vesting will occur only once the EPS element of the main award has vested in full.

FY 2025 PSP awards (granted in July 2024)

These awards comprise nominal cost options with an exercise price of 0.05p per option and vest in 2027 subject to 70% of the shares subject to EPS performance, 20% subject to relative total shareholder return and the remaining 10% based on a reduction of the Company's CO_2 emissions.

The details of the target ranges are shown in the table below:

Diluted adjusted EPS[1] for the three-year period to the end of FY 2027	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 5%	0%
CAG of 5%	25%
CAG of between 5% and 10%	Between 25% and 100% on a straight-line basis
CAG of 10% or more	100%

1 Measured on a constant tax rate basis, to ensure the outturn is an accurate reflection of operational performance.

The EPS target range was set considering both the internal and external expectations for EPS performance over the next three years.

XPS Group's TSR ranking vs a comparator group[2] of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%

2 The TSR comparator group consists of the constituents of the FTSE Small Cap Index (excluding investment trusts) at the start of the performance period.

XPS Group's CO_2 emissions[3] for the three-year period to the end of the FY 2027	Portion of award vesting
Below 20% reduction	0%
20% reduction	25%
Between 20% and 30% reduction	Between 25% and 100% on a straight-line basis
30% of more reduction	100%

3 The CO_2 emissions are based on Scope 1 and 2 emissions and will be calculated on an emissions per number of employees basis.

External Board appointments

The Executive Directors did not hold any external directorships during the year. The approved Directors' Remuneration Policy makes provisions for them to retain any fees for one appointment.

Payments to past Directors (audited)

There were no payments to past Directors in the financial year FY 2025 (FY 2024: £nil).

Payments for loss of office (audited)

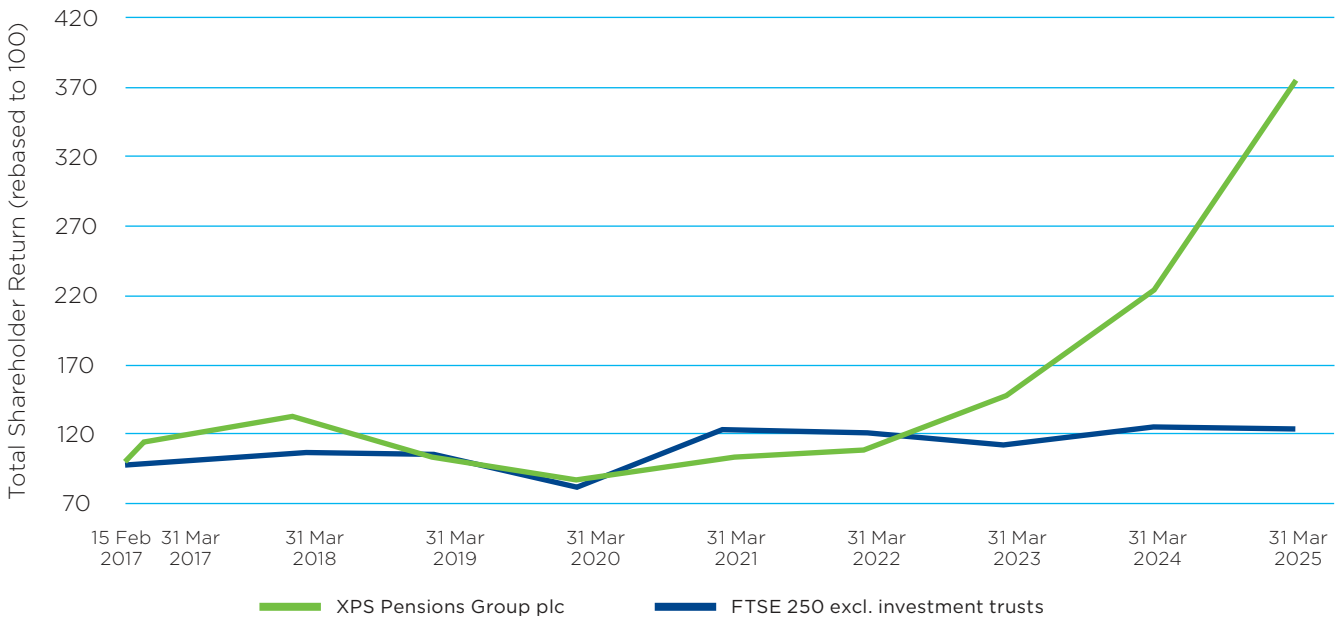
No payments were made to any Director in respect of loss of office in the financial year FY 2025 (FY 2024: £nil).

Review of past performance and CEO remuneration table (unaudited)

The graph below shows the TSR of the Company and the FTSE 250 Index (excluding investment trusts) over the period from admission to 31 March 2025. This is considered an appropriate comparator for XPS Group, which was a constituent of the FTSE 250 Index during the year.

Total shareholder return

Source: Datastream (an LSEG product)



The table below shows the Co-CEOs' single total figure of remuneration since admission and the level (as a percentage of maximum award) of payouts under the incentive plans:

		Single total figure of remuneration	Annual bonus payout as % of maximum	Long-term incentive vesting rates as % of maximum
2025	**Ben Bramhall**	**£2,341,987**	**100%**	**100%[1]**
	Paul Cuff	**£2,341,787**	**100%**	**100%[1]**
2024	Ben Bramhall	£2,080,151	100%	100%
	Paul Cuff	£2,079,951	100%	100%
2023	Ben Bramhall	£1,461,611	100%	66%
	Paul Cuff	£1,461,411	100%	66%
2022	Ben Bramhall	£893,195	79%[2]	38%
	Paul Cuff	£892,995	79%[2]	38%
2021	Ben Bramhall	£692,741	68%	21%
	Paul Cuff	£692,541	68%	21%
2020	Ben Bramhall	£569,272	30%[3]	40%
	Paul Cuff	£569,272	30%[3]	40%
2019	Ben Bramhall	£362,803	12%[4]	n/a
	Paul Cuff	£362,803	12%[4]	n/a
2018	Ben Bramhall	£546,138	79%	n/a
	Paul Cuff	£545,724	79%	n/a
2017	Ben Bramhall	£286,882	31%	n/a
	Paul Cuff	£4,179,695	31%	n/a

1 The vesting rate relates to the July 2022 award that is due to vest in July 2025 and is, in part, based on estimated vesting levels at 31 March 2025.

2 The bonus was reduced with the agreement of the Co-CEOs from the formulaic outcome of 86%.

3 The bonus was reduced with the agreement of the Co-CEOs from the formulaic outcome of 50%.

4 The bonus was reduced with the agreement of the Co-CEOs from the formulaic outcome of 54%.

Percentage change in remuneration of Directors and employees (unaudited)

The table below presents the year on year percentage change in remuneration received by each Director, compared with the change in remuneration received by all XPS Group staff.

The percentage changes are impacted where a Director has been in role for part of a year and for Non-Executive Directors are reflective of changes to individual Committee and other responsibilities, as well as adjustments to fee levels.

	Percentage change in remuneration from 31/03/2020 to 31/03/2021			Percentage change in remuneration from 31/03/2021 to 31/03/2022			Percentage change in remuneration from 31/03/2022 to 31/03/2023			Percentage change in remuneration from 31/03/2023 to 31/03/2024			**Percentage change in remuneration from 31/03/2024 to 31/03/2025**		
	Base salary %	Benefits %	Bonus %	Base salary %	Benefits %	Bonus %	Base salary %	Benefits %	Bonus %	Base salary %	Benefits %	Bonus %	**Base salary %**	**Benefits %**	**Bonus %**
Ben Bramhall	—	—	127%	9%	2%	27%	6%	18%	29%	7%	3%	7%	**4.5%**	**2.4%**	**4.5%**
Paul Cuff	—	(2%)	127%	9%	2%	27%	6%	18%	29%	7%	3%	7%	**4.5%**	**2.5%**	**4.5%**
Snehal Shah	20%[1]	23%[1]	177%	9%	2%	27%	6%	17%	29%	7%	3%	19%	**7.0%**	**2.8%**	**7.0%**
Alan Bannatyne	—	—	—	—	—	—	34%[2]	—	—	20%[2]	—	—	**25%**	**—**	**—**
Margaret Snowdon OBE	4%	—	—	—	—	—	4%	—	—	3%	—	—	**(4%)**	**—**	**—**
Sarah Ing	13%[3]	—	—	—	—	—	9%	—	—	6%	—	—	**—**	**—**	**—**
Aisling Kennedy	—	—	—	—	—	—	—	—	—	860%[4]	—	—	**20%**	**—**	**—**
Imogen Joss	—	—	—	—	—	—	—	—	—	—	—	—	**275%[5]**	**—**	**—**
Martin Sutherland	—	—	—	—	—	—	—	—	—	—	—	—	**215%[5]**	**—**	**—**
All UK employees	3.2%	(8%)	68%	5.9%	(12%)	14%	10%	6%	46%	8.4%	15%	11%	**6.4%**	**3.2%**	**5.0%**

1 Snehal Shah was appointed as a Director on 28 May 2019; accordingly, the percentage difference shown represents a comparison between a full year (FY 2021) and a part year (FY 2020).

2 Alan Bannatyne was appointed as Chairman on 30 November 2022, previously Non-Executive Director; accordingly, the percentage difference shown represents a partial year of the increased fee (FY 2023) and a full year (FY 2024).

3 Sarah Ing was appointed as Non-Executive Director on 17 May 2019; accordingly, the percentage difference shown represents a comparison between a full year (FY 2021) and a part year (FY 2020).

4 Aisling Kennedy was appointed as Non-Executive Director on 22 February 2023; accordingly, the percentage difference shown represents a comparison between a full year (FY 2024) and a part year (FY 2023).

5 Imogen Joss and Martin Sutherland were appointed to the Board on 7 December 2023; accordingly the percentage differences shown represent a comparison between a part year (FY 2024) and a full year (FY 2025).

CEO pay (unaudited)

The table below sets out the pay ratios for the Group Co-Chief Executive Officers in relation to the equivalent pay for the lower quartile, median and upper quartile employees (calculated on a full-time basis).

Year	Method		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025	**Option A**	**Total pay ratio**	**72:1**	**52:1**	**35:1**
2024	Option A	Total pay ratio	53:1	39:1	25:1
2023	Option A	Total pay ratio	40:1	29:1	21:1
2022	Option A	Total pay ratio	31:1	22:1	15:1
2021	Option A	Total pay ratio	27:1	19:1	13:1
2020	Option A	Total pay ratio	24:1	13:1	11:1

Notes

The Company determined the remuneration figures at each quartile with reference to a date of 31 March 2025.

The Group used calculation option A as this is widely regarded as the method resulting in the most robust analysis. The calculation is based on full-time equivalent salary calculated on the same basis as the single figure table.

This year the ratios have increased compared to the previous year. This increase reflects the increase in the Co-CEOs' single figure of remuneration for 2025, which can be found on page 96.

The Committee has reviewed the employee data and believes the median pay ratio to be consistent with the pay, reward and progression policies for the Company's UK employees over the period.

CEO pay (unaudited) continued

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, median and 75th percentile are shown below:

	25th percentile	Median	75th percentile
Salary	£29,473	£40,000	£58,275
Total pay and benefits	£32,513	£44,913	£67,458

Relative importance of spend on pay (unaudited)

The table below details the change in total staff pay between FY 2024 and FY 2025 as detailed in note 9 of the financial statements, compared with distributions to shareholders by way of dividends, share buy-backs or any other significant distributions or payments. These figures have been calculated in line with those in the audited financial statements.

£'000	**FY 2025**	FY 2024	% change
Total gross staff pay	**110,684**	97,467	14%
Distributions to shareholders	**22,185**	18,025	23%

Statement of shareholder voting (unaudited)

The table below shows the outcome of the binding vote on the Directors' Remuneration Policy at the General Meeting held on 7 March 2024 and the advisory vote on the FY 2024 Directors' Remuneration Report held on 5 September 2024.

AGM resolution	Votes for	%	Votes against	Votes withheld
Directors Remuneration Policy	131,060,632	76.44%	40,386,688	4,362,067
Directors Remuneration Report	138,806,485	82.01%	30,443,717	3,744,701

Implementation of Policy for FY 2026 (unaudited information)

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy in the year ending 31 March 2026.

Base salary

Base salaries are as follows with effect from 1 April 2025:

- Ben Bramhall – £435,322;
- Paul Cuff – £435,322; and
- Snehal Shah – £376,501.

Benefits in kind

Benefits will be paid in line with the Directors' Remuneration Policy. Details of the benefits received by Executive Directors are set out in the single figure table on page 96. There is no intention to introduce additional benefits in FY 2026.

Pension

Contribution rates are currently 6% of base salary. Contributions may be made as cash supplements in full or in part. These contributions are in line with those for the majority of employees in the Group.

Annual bonus

Bonus maxima of 150% of salary will be applied for the Co-Chief Executive Officers and 125% for the Chief Financial Officer. Bonus payments up to 100% of salary will be paid as cash with amounts in excess of this deferred into shares for two years.

The performance weightings are as follows: 75% of the bonus will be payable by reference to performance based on adjusted PBT, with performance against personal/strategic targets determining the extent to which the remaining 25% of the overall bonus opportunity is payable.

In addition:

- no bonus will be payable unless the Committee is satisfied that the Company's underlying performance warrants it; and
- as set out in the Policy table, bonus payments will also be subject to the Committee considering that the proposed bonus amounts, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it may adjust the bonus outturn accordingly.

Owing to the Board's concerns about commercial sensitivity, we do not believe it is in shareholders' interests to disclose any further details of these targets on a prospective basis. However, the Company is committed to adhering to principles of transparency and will, provided disclosure of targets is not deemed to be commercially sensitive, make appropriate and relevant levels of disclosure of bonus targets and performance against these targets for the FY 2026 bonus in next year's report. The targets will be set to ensure both consistency and fairness to all stakeholders.

PSP awards

It is intended that PSP awards will be made in FY 2026. The award levels will be no more than 150% of salary for the Co-CEOs and 125% for the CFO.

Vesting of the awards will be based on three performance criteria, with the vesting of 70% of the shares subject to EPS performance, 20% subject to relative total shareholder return and the remaining 10% based on a reduction of the Company's CO_2 emissions.

The details of the target ranges are shown in the table below:

Diluted adjusted EPS[1] for the three-year period to the end of FY 2027	Portion of award vesting
Compound annual growth in EPS (CAG) of less than 5%	0%
CAG of 5%	25%
CAG of between 5% and 10%	Between 25% and 100% on a straight-line basis
CAG of 10% or more	100%

1 Measured on a constant tax rate basis, to ensure the outturn is an accurate reflection of operational performance.

The EPS target range was set considering both the internal and external expectations for EPS performance over the next three years.

XPS Group's TSR ranking vs a comparator group[2] of companies	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight-line basis
Upper quartile	100%

2 The TSR comparator group consists of the constituents of the FTSE 250 Index (excluding investment trusts) as at the start of the performance period.

XPS Group's CO_2 emissions[3] for the three-year period to the end of the FY 2027	Portion of award vesting
Below 20% reduction	0%
20% reduction	25%
Between 20% and 30% reduction	Between 25% and 100% on a straight-line basis
30% of more reduction	100%

3 The CO_2 emissions are based on Scope 1 and 2 emissions and will be calculated on an emissions per number of employees basis.

Minimum shareholding requirement

To align the interests of Executive Directors with those of shareholders, they are required to build and maintain significant holdings of shares in the Group over time. The minimum shareholding requirement for Executive Directors is 200% of base salary for the Co-CEOs and for the CFO.

In addition, Executive Directors will be required to maintain their full minimum shareholding requirement for one year post-cessation of employment and hold 50% of the requirement for a second year.

The Chairman's and the Non-Executive Directors' fees

The following fees remain effective for FY 2026.

Alan Bannatyne receives an annual fee of £150,000 for his role as Board Chairman.

The Non-Executive Directors are entitled to a fee of £60,000 p.a., with an additional fee of £15,000 p.a. for the Chair of the Audit & Risk Committee and £10,000 p.a. for each of the Senior Independent Director, Chair of the Remuneration Committee and Chair of the Sustainability Committee. The Designated Employee Engagement Non-Executive Director receives an additional fee of £5,000 p.a.

This report was reviewed and approved by the Board of Directors on 18 June 2025 and was signed on its behalf by:

Imogen Joss
Chair of the Remuneration Committee
18 June 2025

The Directors present their Annual Report on the activities of XPS Pensions Group plc (the "Group"), together with the audited financial statements for the year ended 31 March 2025.

The Governance section on pages 60 to 104 forms part of this Directors' Report. Other requisite components of this report are set out elsewhere in this Annual Report. The Strategic Report provides information relating to the Group's activities, its business and strategy, engagement with stakeholders, the principal risks and uncertainties faced by the business and environmental and employee matters. These sections, together with the Statement of Corporate Governance and Directors' Remuneration Report, provide an overview of the Group and give an indication of future developments in the Group's business, so providing a balanced assessment of the Group's position and prospects. These reports and this Directors' Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the Directors in connection with such reports shall be subject to the limitations and restrictions provided by such law. XPS Pensions Group plc is a member of the FTSE 250, trading under the ticker symbol XPS.

The table on page 103 details where certain other information, which forms part of the Directors' Report, can be found within this Annual Report.

Going concern

Please refer to the Going Concern Statement in the Strategic Report on page 49 and the Viability Statement on page 59 for details on the assessment carried out by the Directors with regard to going concern.

Results and dividend

The Group's audited financial statements for the year ended 31 March 2025 are set out on pages 113 to 149 and the Company's audited financial statements are set out on pages 150 to 157. The Group's profit after taxation for the year ended 31 March 2025 was £30.3 million (FY 2024: £54.2 million). An interim dividend of 3.7p per ordinary share (FY 2024: 3.0p) was paid on 7 February 2025. The Directors recommend a final dividend for the year of 8.2p per ordinary share (FY 2024: 7.0p) to be paid on 22 September 2025 to shareholders on the register on 22 August 2025.

Further information regarding dividend policy and payments can be found in the Financial Review on page 49 and in note 34 to the financial statements on page 149.

Post-balance sheet events

There have been no significant post-balance sheet events to report since 31 March 2025.

Directors

The current Directors of the Company, with summaries of their key strengths and experience, are set out in the Governance section on pages 62 and 63. Directors on the Board during the year and up to the date of this report are as follows:

Alan Bannatyne
Ben Bramhall
Paul Cuff
Snehal Shah
Margaret Snowdon OBE
Sarah Ing
Aisling Kennedy
Imogen Joss
Martin Sutherland

Details of the Directors' service contracts are shown in the report of the Remuneration Committee on page 87.

Details of share options granted to Directors and the interests of the Directors in the ordinary shares of the Company are set out in the Remuneration Report on pages 92 to 95.

In accordance with its Articles of Association, the Company made qualifying third-party indemnity provisions for the benefit of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by company law, which were in place throughout the year and remain in force at the date of this report. In addition, Directors' and Officers' liability insurance cover was maintained throughout the year at the Company's expense and remains in force at the date of this report.

Information	Location within Annual Report
Likely future developments in the business of the Company	Strategic Report (pages 10 to 19)
Inclusion and diversity	Sustainability (page 28), Nomination Committee (page 69)
Employee involvement	Sustainability (pages 26 to 29), Co-Chief Executive Officers' Review (page 18) and S172 Statement (pages 22 and 23)
Directors' share interests	Directors' Remuneration Report (pages 92 and 93)
Emissions and energy consumption	Strategic Report (page 43)
Financial risk management objectives and policies	Note 2 to the financial statements (page 125)
Directors' regard to foster business relationships	Strategic Report (pages 22 and 23)

Capital structure

The Company's issued ordinary share capital and total voting rights at 31 March 2025 and the date of this report were 208,355,415 ordinary shares (each with a par value of 0.05p and all fully paid). There were no ordinary shares held in treasury. As at 31 March 2025, 4,701,149 ordinary shares were held in the Employee Benefit Trust, and as at the date of this report, 5,657,597 shares were held in the Employee Benefit Trust. Further details of the Company's issued share capital are given in note 27 of the financial statements on page 145.

The Company's ordinary shares rank pari passu in all respects with each other, including for voting purposes and for all dividends. Each share carries the right to one vote at general meetings of the Company. Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, is set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting, which are available on the Company's website at www.xpsgroup.com.

Restrictions on shares

The Company's ordinary shares are freely transferable and there are no restrictions on the size of a holding. Transfers of shares are governed by the provisions of the Articles of Association and prevailing legislation. The ordinary shares are not redeemable; however, the Company may purchase any of the ordinary shares, subject to prevailing legislation and the requirements of the Listing Rules.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Awards of shares under the Company's Performance Share Plan incentive arrangement are subject to restrictions on the transfer of shares prior to vesting.

As at the date of this report, the Trustee of the Group's Employee Benefit Trust holds 5,657,597 ordinary shares in the Company but has waived its entitlement to dividends and does not seek to exercise the voting rights on those shares.

Major interests in shares

The table on page 92 shows the interests in shares (whether directly or indirectly held) notified to the Company in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules as at 31 March 2025 and 31 May 2025 (being the latest practicable date prior to publication of this Annual Report).

Appointment and retirement of Directors

The Board may from time to time appoint one or more additional Directors so long as the total number of Directors does not exceed the limit of 12 prescribed in the Articles of Association. Any person so appointed will retire at the next Annual General Meeting and then be eligible for re-election. The UK Corporate Governance Code recommends that all Directors be subject to annual re-election by shareholders. All Directors, except Alan Bannatyne, will offer themselves for re-election at the 2025 Annual General Meeting. Alan Bannatyne will retire from the Board following the AGM in September 2025, due to shortly reaching nine years' tenure.

Powers of Directors

The business of the Company shall be managed by the Directors, who may exercise all powers of the Company, subject to legislation, the provisions of the Articles of Association and any directions given by special resolution. The Articles of Association contain specific provisions governing the Company's power to borrow money and also provide the powers to issue shares and to make purchases of its own shares. In accordance with the authorities granted at the 2024 Annual General Meeting, the Directors are authorised, within certain limits, to allot shares or grant rights to subscribe for shares in the Company and to make market purchases of the Company's own shares representing up to 10% of its share capital at that time. Details of the proposed renewal of authorities of the Directors are set out in the Notice of the 2025 Annual General Meeting.

Political donations

No political contributions were made, or political expenditure incurred, by the Company and its subsidiaries during the year (FY 2024: £nil).

Provisions on change of control

The Company is subject to a change of control provision in the following significant agreement:

The Company's £120 million agreement with HSBC UK Bank plc, Barclays Bank plc, Lloyds Bank plc, Credit Industrial et Commercial–London Branch and Northern Bank Ltd t/a Danske Bank in multicurrency revolving facilities, with a further uncommitted facility of up to £50 million, includes a customary provision permitting a lending counterparty to (upon notice) cancel its lending commitment to the Group and requires repayment of its related loans following a change of control of the Company.

The Company does not have agreements with any Director or employee that would provide specific compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's Performance Share Plan incentive arrangement may cause awards to vest on a takeover.

Articles of Association

A copy of the full Articles of Association is available on the Company's website. The Company's Articles of Association may only be amended by a special resolution of shareholders in a general meeting.

Auditor and disclosure of information to the auditor

In accordance with Section 418 of the Companies Act 2006, each of the Directors who were members of the Board at the date of the approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Company's auditor, BDO LLP, has expressed its willingness to continue in office and the Board has agreed, based on the recommendation of the Audit & Risk Committee, that a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

Details of the forthcoming Annual General Meeting are given in the Statement of Corporate Governance on page 67.

	As at 31 March 2025		As at 31 May 2025	
Shareholder	**Number of ordinary shares**	**Percentage of total voting rights**	Number of ordinary shares	Percentage of total voting rights
Abrdn	**26,436,529**	**12.69%**	24,672,241	11.84%
BlackRock	**22,117,954**	**10.62%**	22,432,675	10.77%
Mawer Investment Management	**19,311,208**	**9.27%**	20,442,033	9.81%
J.P. Morgan Asset Management	**18,430,585**	**8.85%**	18,352,599	8.81%
Gresham House Asset Management	**15,060,542**	**7.23%**	12,007,524	5.76%
Montanaro Asset Management	**8,660,000**	**4.16%**	8,480,000	4.07%

Listing Rule (LR) disclosures

The information required to be disclosed by LR6.6.1R can be found in the following locations:

Item	Location
Interest capitalised	None
Publication of unaudited financial information	Not applicable
Details of long-term incentive schemes	Details of the Company's long-term incentive scheme can be found in the Remuneration Committee Report on page 81
Waiver of emoluments by a Director	None
Waiver of future emoluments by a Director	None
Non-pre-emptive issues of equity for cash	Not applicable
Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings	Not applicable
Contracts of significance in which a Director is or was interested	None
Provision of services by a controlling shareholder	Not applicable
Shareholder waiver of dividend for the year and future dividends	Dividend waiver by the Trustee of the Group's Employee Benefit Trust – see page 101 of this report
Agreements with controlling shareholder	Not applicable

The Directors' Report was approved by the Board of Directors of XPS Pensions Group plc. By order of the Board:

Snehal Shah
Chief Financial Officer
18 June 2025

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with UK-adopted International Financial Reporting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Financial Reporting Standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and a Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of the Directors in respect of the Annual Report and Accounts

As required by the UK Corporate Governance Code, the Directors confirm that they consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. When arriving at this position the Board was assisted by a number of processes, including the following:

- the Annual Report is drafted by appropriate senior management with overall co-ordination by Internal Communications and Company Secretarial teams to ensure consistency across sections;
- an extensive verification process is undertaken to ensure factual accuracy;
- comprehensive reviews of drafts of the Annual Report are undertaken by members of the Executive Board and senior management team; and
- the final draft is reviewed by the Audit & Risk Committee prior to consideration by the Board.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- the Group financial statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company as a whole, together with a description of the principal risks and uncertainties that they face.

Snehal Shah
Chief Financial Officer
18 June 2025

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of XPS Pensions Group plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Statement of Financial Position – Company, the Statement of Changes in Equity – Company, the Statement of Cash Flows – Company, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were appointed by the Members on 27 February 2013 to audit the financial statements for the year ended 31 March 2014 and subsequent financial periods, noting the listing of the Company in the year ended 31 March 2017. The period of total uninterrupted engagement including retenders and reappointments is 12 years, covering the years ended 31 March 2014 to 31 March 2025. We remain independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the reasonableness of assumptions in preparation of cash flow forecasts, with consideration of historical performance, review and challenge of revenue growth rate assumptions and the Group's ability to meet working capital requirements over the going concern period;
- assessing the current period actuals against the prior period forecasts and also assessing the period to May 2025 actuals against current period forecast to determine forecasting ability;
- assessing the Directors' going concern assessment and mathematical accuracy of cash flow forecasts and sensitivity used in respect of the worst case scenario model using our knowledge of the business;
- reviewing the terms and period of the Group's bank facility agreement and consideration of the sufficiency of the facility available throughout the going concern period;
- considering the Group's compliance with banking covenants and related headroom in light of the Directors' worst case scenario modelled;
- considering the options available to the Directors' to mitigate the impact of the worst case scenario and whether such actions are within their control; and
- considering the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure with the forecast and worst case scenario.

Conclusions relating to going concern continued

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

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

		2025	2024
Key audit matters	Valuation of contract assets – accrued income	✓	✓
Materiality	Group financial statements as a whole 2025: £1,730,000 based on 3% of EBITDA 2024: £1,410,000 based on 3% of Total EBITDA less gain on disposal (EBITDA – calculated as profit before tax, less depreciation, amortisation and finance costs)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

There are 24 entities within the Group, including the Company. The nature of the entities in the group is as follows:

- 10 are trading entities which have a financial impact on the financial statements;
- 8 are dormant entities, and have no financial impact on the financial statements; and
- 6 entities are holding companies which hold investments in the trading entities in the Group, 4 of which have no financial impact, being XPS Financing Limited, XPS Holding Limited, XPS Administration Holdings Limited and XPS Reading Limited.

With the exception of XPS SIPP Services Limited, whose revenue stream is managed from Stirling, Scotland, the control environment is consistent across the Group as the finance and IT teams are centralised in one location, being Reading, England.

Based on the nature of the entities within the Group, the relevant control environments, and the processes of the entities, we identified 5 components of the Group, with each entity being assigned to one component.

We determined the 5 components to be in scope. We used a combination of audit and risk assessment procedures to obtain sufficient appropriate evidence. Our audit procedures included:

- procedures on the entire financial information of the component including performing substantive procedures and tests of operating effectiveness of controls; and
- procedures on one or more classes of transactions, account balances or disclosures.

Components in scope continued

Procedures performed at the component level

We performed procedures to respond to Group risks of material misstatements at the component level that included the following:

Component	Component Name	Entities	Group Audit Scope
1	Company	XPS Pensions Group Plc – the company and holding entity	Statutory audit and procedures on the entire financial information of the component.
2	Core Pensions	• XPS Pensions Limited – trading entity • XPS Administration Limited – trading entity • XPS Consulting Limited formerly called XPS Consulting (Reading) Limited – holding entity • XPS Investment Limited – trading entity • XPS Pensions Consulting Limited – trading entity • Penfida Limited – trading entity • Pensions Software Solutions Limited – trading entity • XPS Pensions (Trigon) Limited – trading entity • XPS Pensions (RL) Limited– trading entity	Procedures on the entire financial information of the component.
3	SIPP Services	XPS SIPP Services Limited – trading entity	Procedures on one or more classes of transactions, account balances or disclosures.
4	Polaris Actuaries and Consultants	Polaris Actuaries and Consultants Limited – trading entity	Procedures on one or more classes of transaction, account balances or disclosures and risk assessment procedures.
5	Dormant and other holding entities	All other entities in the Group	Risk assessment procedures.

The Group engagement team has performed all procedures directly and has not involved component auditors in the Group audit.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls, and similarity of the group's activities and business lines in relation to all financial statement areas. We therefore designed and performed procedures centrally in all areas.

The group operates a centralised IT and finance system that supports IT processes for the components, with the exception of Polaris following its acquisition. This IT and finance system was subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Changes from the prior year

There have been no significant changes to the Group's audit scope from the prior year.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- review of the minutes of Board, Audit & Risk Committee and Sustainability Committee meetings and performed a risk assessment as to how the impact of the Group's commitment as set out in the Strategic Report may affect the financial statements and our audit.

Climate change continued

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of management's disclosures included as 'Statutory Other Information' including Task Force on Climate-related Financial Disclosures (TCFD) and the streamlined Energy and Carbon Reporting (SECR) from page 43 within the Annual Report and with our knowledge obtained during the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters that were materially affected by climate-related risks and related commitments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of contract assets – accrued income Refer to the "Critical accounting estimates and judgements" section and the "Revenue" section in Note 1. Further information is disclosed in Note 19 of the Financial Statements.	The Group has a total contract asset – accrued income of £19.9 million (FY 2024: £16.7 million) as disclosed in note 19 of the financial statements. Valuation of contract assets – accrued income was considered a fraud risk due to the recognition being highly subjective and involving management's judgements around the amount of revenue to be billed in the future. Management's judgement relates to the amount expected to be invoiced after the year end, taking account of various inputs including the time recorded against each client project, expected recoverability levels based on past experience, the nature of the work undertaken, and to what extent the performance obligations have been met. The risk around the valuation of contract assets – accrued income has been determined to be both over and understatement through judgements made by management in its valuation at year end. This results in the valuation of contract assets – accrued income being assessed as an area of significant risk of material misstatement, and therefore a key audit matter.	The key audit matter was assessed by selecting a sample of contract assets – accrued income balances from the accrued income listing and obtaining evidence to corroborate the judgements made in relation to the valuation of each contract asset balance selected, as at the year end. The evidence obtained included: • underlying gross timesheet data recorded on the project from the time recording system; • subsequent invoices raised post-year end; • source contracts including contract variations; • other evidence communicating agreed project rates or fees; and • the related statement of activity that accompanies certain invoices; and • subsequent cash receipt in the bank statements. From the above we critically analysed the suite of evidence available against the management judgements to corroborate the contract assets – accrued income recognised. We have challenged those transactions where the contract asset - accrued income value is different from the subsequent invoice raised. We have evaluated the design and implementation of the relevant controls within the time recording system. Key observations: Based on the procedures undertaken, we did not identify any evidence that suggests that the judgement applied by management is inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Company financial statements	
	2025	2024	2025	2024
Materiality	1,730,000	1,410,000	1,300,000	1,057,000
Basis for determining materiality	3% of EBITDA	3% of Total EBITDA less gain on disposal	4% of Company Net Assets capped at 75% of Group Materiality	4% of Company Net Assets capped at 75% of Group Materiality
Rationale for the benchmark applied	EBITDA is considered to be the consistent benchmark that is of interest to the majority of users of the financial statements based on investor and stakeholder expectations.		75% of Group materiality is considered appropriate given the assessment of the component's aggregation risk.	
Performance materiality	1,300,000	1,057,000	975,000	790,000
Basis for determining performance materiality	75%	75%	75%	75%
Rationale for the percentage applied for performance materiality	These thresholds are based on our knowledge of the Group and Company, control environment over financial reporting, history of misstatements in previous periods and management's attitude to proposed adjustments.			

Component materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Company whose materiality and performance materiality are set out above, based on a percentage of between 12% and 85% of Group performance materiality (FY 2024: 32% and 60% of Group materiality) dependent on a number of factors including size and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £150,000 to £1,100,000 (FY 2024: £450,000 to £850,000).

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £69,000 (2024: £56,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document entitled "Annual Report and Accounts" other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

Going concern and longer-term viability	• the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 49; • the Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 59; and • the Directors statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on page 59.
Other Code provisions	• the Directors' statement on fair, balanced and understandable set out on page 104; • the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 58; • the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 52 to 58; and • the section describing the work of the Audit & Risk Committee set out on pages 71 to 73.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below:

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, UK Listing Rules, Companies Act 2006, and labour regulations and tax laws in key territories which the Group operates in.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment law, consumer protection laws and regulations, and the Financial Conduct Authority regulations, including client money rules.

Our procedures in respect of the above included:

- review of minutes of meetings of the Board of Directors for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation;
- involvement of tax specialists in the audit; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management, those charged with governance, and the Audit & Risk Committee regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud;
- review of minutes of meetings of the Board of Directors for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- performing an assessment of the Group's IT general control environment and as part of this work, we tested the operating effectiveness of IT general controls over the financial systems including the general ledger system and the time recording system. We also tested IT application level controls in relation to the time recording system in the revenue cycle.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, specifically the risk of management overriding the control environment to either overstate or understate the EBITDA reported, and to overstate or understate the valuation of contract assets – accrued income.

Auditor's responsibilities for the audit of the financial statements continued

Fraud continued

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- in response to the risk of fraud in contract assets – accrued income, performing the procedures set out in the 'Key Audit Matters' section of this report; and
- assessing in aggregate material estimates and judgements made by management that affect EBITDA for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Radford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
19 June 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the year ended 31 March 2025

	Note	Year ended 31 March 2025			Year ended 31 March 2024		
		Trading items £'000	**Non-trading and exceptional items[1] £'000**	**Total £'000**	Trading items £'000	Non-trading and exceptional items[1] £'000	Total £'000
Revenue	7	**231,785**	**—**	**231,785**	199,432	—	199,432
Other operating income	5	**—**	**988**	**988**	—	92	92
Operating expenses	8	**(168,888)**	**(19,703)**	**(188,591)**	(149,960)	(15,128)	(165,088)
Gain on disposal		**—**	**—**	**—**	—	32,538	32,538
Profit/(loss) from operating activities		**62,897**	**(18,715)**	**44,182**	49,472	17,502	66,974
Finance income	13	**109**	**—**	**109**	50	—	50
Finance costs	13	**(3,541)**	**—**	**(3,541)**	(4,543)	—	(4,543)
Profit/(loss) before tax		**59,465**	**(18,715)**	**40,750**	44,979	17,502	62,481
Income tax (expense)/credit	14	**(14,353)**	**3,946**	**(10,407)**	(11,483)	3,169	(8,314)
Profit/(loss) after tax and total comprehensive income/(loss) for the year		**45,112**	**(14,769)**	**30,343**	33,496	20,671	54,167
Memo							
EBITDA		**69,676**	**(11,666)**	**58,010**	55,295	24,536	79,831
Depreciation and amortisation	15, 16, 17	**(6,779)**	**(7,049)**	**(13,828)**	(5,823)	(7,034)	(12,857)
Profit/(loss) from operating activities		**62,897**	**(18,715)**	**44,182**	49,472	17,502	66,974
		Pence		**Pence**	Pence		Pence
Earnings per share attributable to the ordinary equity holders of the Company:		**Adjusted**			Adjusted		
Profit or loss:							
Basic earnings per share	32	**21.9**	**—**	**14.7**	16.2	—	26.2
Diluted earnings per share	32	**20.6**	**—**	**13.8**	15.3	—	24.7

1 See note 5 for additional information regarding non-trading and adjusting items.

The notes on pages 117 to 149 form part of these financial statements.

Consolidated statement of financial position
as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Assets			
Non-current assets			
Property, plant and equipment	15	**5,278**	3,976
Right-of-use assets	16	**13,835**	8,892
Intangible assets	17	**222,998**	208,070
Other long-term receivables	18	**5,971**	—
		248,082	220,938
Current assets			
Trade and other receivables	19	**60,683**	50,922
Cash and cash equivalents	20	**14,717**	10,005
		75,400	60,927
Total assets		**323,482**	281,865
Liabilities			
Non-current liabilities			
Loans and borrowings	21	**54,021**	23,386
Lease liabilities	16	**12,038**	7,295
Provisions	23	**2,903**	1,802
Trade and other payables	25	**670**	—
Deferred tax liabilities	24	**16,138**	15,593
		85,770	48,076
Current liabilities			
Lease liabilities	16	**2,915**	1,872
Provisions	23	**2,700**	1,914
Trade and other payables	25	**46,456**	43,722
Current income tax liabilities	26	**234**	427
		52,305	47,935
Total liabilities		**138,075**	96,011
Net assets		**185,407**	185,854
Equity			
Equity attributable to owners of the Parent			
Share capital	27	**104**	104
Share premium	28	**1,786**	1,786
Merger relief reserve	28	**48,687**	48,687
Investment in own shares held in trust	28	**(15,142)**	(2,925)
Retained earnings	28	**149,972**	138,202
Total equity		**185,407**	185,854

The notes on pages 117 to 149 form part of these financial statements.

The financial statements were approved by the Board of Directors on 18 June 2025 and were signed on its behalf by:

Snehal Shah
Chief Financial Officer
18 June 2025

Registered number: 08279139

Consolidated statement of changes in equity

for the year ended 31 March 2025

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Investment in own shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2023	104	1,786	48,687	(1,350)	100,057	149,284
Profit after tax and total comprehensive income for the year	—	—	—	—	54,167	54,167
Contributions by and distributions to owners:						
Dividends paid (note 34)	—	—	—	—	(18,025)	(18,025)
Dividend equivalents paid on vested share options	—	—	—	—	(576)	(576)
Shares purchased by Employee Benefit Trust for cash	—	—	—	(5,621)	—	(5,621)
Exercise of share options settled from the Employee Benefit Trust	—	—	—	4,046	(4,019)	27
Share-based payment expense – IFRS 2 charge (note 12)	—	—	—	—	4,910	4,910
Deferred tax movement in respect of share-based payment expense (note 24)	—	—	—	—	1,167	1,167
Current tax movement in respect of share-based payment expense	—	—	—	—	521	521
Total contributions by and distributions to owners	—	—	—	(1,575)	(16,022)	(17,597)
Balance at 31 March 2024	104	1,786	48,687	(2,925)	138,202	185,854
Balance at 1 April 2024	104	1,786	48,687	(2,925)	138,202	185,854
Profit after tax and total comprehensive income for the year	—	—	—	—	30,343	30,343
Contributions by and distributions to owners:						
Dividends paid (note 34)	—	—	—	—	(22,185)	(22,185)
Dividend equivalents paid on vested share options	—	—	—	—	(591)	(591)
Shares purchased by Employee Benefit Trust for cash	—	—	—	(18,715)	—	(18,715)
Exercise of share options settled from the Employee Benefit Trust	—	—	—	6,498	(5,630)	868
Share-based payment expense – IFRS 2 charge (note 12)	—	—	—	—	5,946	5,946
Deferred tax movement in respect of share-based payment expense (note 24)	—	—	—	—	2,366	2,366
Current tax movement in respect of share-based payment expense	—	—	—	—	1,521	1,521
Total contributions by and distributions to owners	—	—	—	(12,217)	(18,573)	(30,790)
Balance at 31 March 2025	**104**	**1,786**	**48,687**	**(15,142)**	**149,972**	**185,407**

The notes on pages 117 to 149 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2025

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Cash flows from operating activities			
Profit for the year		**30,343**	54,167
Adjustments for:			
Depreciation	15	**1,034**	892
Depreciation of right-of-use assets	16	**2,962**	2,887
Amortisation	17	**9,832**	9,061
Finance income	13	**(109)**	(50)
Finance costs	13	**3,541**	4,543
Gain on acquisition of business	5	**(988)**	—
Gain on sale of business, before tax		**—**	(34,639)
Loss on disposal of right-of-use assets		**—**	117
Share-based payment expense	12	**5,946**	4,910
Other operating income	5	**—**	(92)
Income tax expense	14	**10,407**	8,314
		62,968	50,110
Increase in trade and other receivables		**(13,509)**	(7,462)
Increase in trade and other payables		**2,060**	11,993
Increase/(decrease) in provisions		**1,449**	(379)
		52,968	54,262
Income tax paid		**(11,152)**	(11,331)
Net cash inflow from operating activities		**41,816**	42,931
Cash flows from investing activities			
Finance income received	13	**109**	50
Acquisition of subsidiary, net of cash acquired	6	**(13,774)**	(405)
Purchases of property, plant and equipment	15	**(2,101)**	(1,851)
Purchases of intangibles	17	**(6,089)**	(5,655)
Disposal of business		**—**	37,035
Net cash (outflow)/inflow from investing activities		**(21,855)**	29,174
Cash flows from financing activities			
Proceeds from loans net of capitalised costs		**39,333**	8,000
Repayment of loans		**(9,000)**	(52,000)
Payment relating to extension of loan facility		**(332)**	(200)
Exercise of share options settled from the EBT		**868**	27
Purchase of ordinary shares by EBT		**(18,715)**	(5,621)
Interest paid		**(2,312)**	(3,905)
Lease interest paid		**(318)**	(331)
Payment of lease liabilities		**(1,997)**	(2,754)
Dividends paid to the holders of the Parent	34	**(22,185)**	(18,025)
Dividend equivalents paid on vesting of share options		**(591)**	(576)
Net cash outflow from financing activities		**(15,249)**	(75,385)
Net increase/(decrease) in cash and cash equivalents		**4,712**	(3,280)
Cash and cash equivalents at start of year		**10,005**	13,285
Cash and cash equivalents at end of year	20	**14,717**	10,005

The notes on pages 117 to 149 form part of these financial statements.

1 Accounting policies

XPS Pensions Group plc (the "Company") is a public limited company incorporated in the UK. The principal activity of the Group is consulting and administration services relating to UK pension schemes and insurers. The registered office is Phoenix House, 1 Station Hill, Reading RG1 1NB. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the going concern basis.

The preparation of financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS) requires management to exercise its judgement in the process of applying the Group's accounting policies. The critical areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this section.

The material accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

Functional and presentation currency

The financial statements are presented in British pounds which is the Company's functional currency. Figures are rounded to the nearest thousand.

Measurement convention

The financial information is prepared on the historical cost basis.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee; exposure to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

The consolidated financial information presents the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial information incorporates the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date, with the exception of right-of-use assets and lease liabilities, which are measured at the present value of the lease liability discounted at acquisition date incremental borrowing rate (a rate that represents the amount that would be charged to acquire an asset of similar value for a similar period), with an adjustment to right-of-use assets to reflect favourable/non-favourable lease terms. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. For items acquired as part of a business combination, cost comprises the deemed fair value of those items at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Depreciation is charged to profit and loss in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Estimated useful lives are as follows:

- Office equipment — 3 to 10 years
- Leasehold improvements — Over the remaining life of the lease
- Fixtures and fittings — 3 to 10 years

1 Accounting policies continued

Going concern

IFRS accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors have taken notice of the Financial Reporting Council guidance, "Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks", which requires the reasons for this decision to be explained.

Management has prepared cash flow forecasts up to 31 October 2026, which the Directors have approved. This includes the 12-month period from the date of approval of these financial statements. These forecasts show that during that period the Group is expected to generate sufficient cash from its operations to settle its liabilities as they fall due without the requirement for additional borrowings. This period has been chosen as October is the lowest point in the Group's working capital and cash cycle. Inflationary increases have been modelled using the OBR inflation forecasts for that period, and interest rate changes have been included in the forecasts based on latest market projections.

The Group agreed a new revolving credit facility in March 2025, which replaced the previous facility, which was due to end in October 2026. The new facility gives the Group access to a revolving credit facility of £120 million with an accordion of £50 million, and this facility is in place for four years. The facility is subject to two covenants – net leverage and interest cover. These covenants were not breached during the financial year, nor are any breaches expected in the cash flow forecast. The Group does not have any non-financial covenants.

Management has also performed some scenario modelling to further assess the going concern position of the Group. Firstly, management has modelled a scenario which threatens the going concern position, considering the sooner of the point at which the banking covenants are breached or the Group requiring additional funding. In this worst case scenario, revenue is modelled to decrease significantly, partially offset with a reduction in staff bonuses. The headroom between this scenario and current performance, and the budget, is significant and a decrease of this magnitude is considered to be extremely unlikely. In addition, the Group has several additional cost reduction and cash preservation levers it could utilise, which include managing staff costs through a hiring freeze or reduction in workforce, a reduction in capital expenditure, and a reduction of dividends if this worst case scenario was to happen. Another scenario modelled was a reasonable downside scenario, where no growth is experienced in revenues not related to compliance. The result of this reasonable downside scenario was that even with no actions to reduce costs in line with the revenue decrease, the Group remained profitable and complied comfortably with its banking covenants. This reasonable downside scenario is considered to be very unlikely, as historically the Group has always performed discretionary work for its customers.

The Directors have reviewed the historical accuracy of the Group's budgets. The Group's performance was compared to the budget, and actual revenue was within 1% of the forecast figure, and adjusted EBITDA was within 4% of the forecast figure. Actual results were ahead of forecast in both cases. This demonstrates that the Group's forecasting process is at a sufficient standard to be able to place reliance on it when making a going concern assessment. The results of the two months post-year end are in line with forecasts. The Directors, after reviewing the Group's budget and longer-term forecast models, including the worst case scenario referred to above, conclude that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

In terms of the wider macroeconomic and financial situation, the increase in the rate of inflation has fallen significantly since the prior year although management is monitoring the situation with Russia and Ukraine as well as the situation in the Middle East as any further escalations could trigger further price increases with potential for related interest rate increases. The Group does have protection for any increases in the inflation rate built into customer contracts, which stipulate that the price charged can be increased by an inflationary amount. Pricing on indexation-linked contracts continues to be reviewed and was uplifted accordingly as the contracts were renewed throughout the current year, and into the following year. The Group demonstrated its ability to perform strongly in a high-inflation environment in recent years. Whilst higher interest rates have led to higher finance expenses, this has been modelled in the Group's forecasts and is not considered a significant risk.

Intangible assets and goodwill

Goodwill represents amounts arising on acquisition, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired on a business combination. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a gain on purchase. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing and is not amortised. It is tested annually for impairment.

Externally acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired software is valued based on replacement cost valuations where identifiable or at cost less accumulated amortisation and impairment. Internally produced software is valued at cost less accumulated amortisation and impairment.

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives.

1 Accounting policies continued

Intangible assets and goodwill continued

Amortisation is included in operating expenses in the statement of comprehensive income over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life, such as goodwill, are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. Estimated useful lives are as follows:

- Goodwill — Indefinite life
- Customer relationships — 7 to 20 years, straight-line method
- Brands — 10 years, straight-line method
- Software — 5 to 10 years, straight-line method

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Amortised cost

Amortised cost includes non-derivative financial assets where they are held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows and those contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. These assets are included in non-current assets if their maturity is greater than 12 months. Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. Any impairment required is recorded in the statement of comprehensive income.

Cash and cash equivalents comprise cash balances.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

The Group does not currently have any liabilities which fall into this category.

Other financial liabilities

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis. When borrowings are extinguished, any difference between the cash paid and the carrying value is recognised in the statement of comprehensive income.

Trade payables and other short-term monetary liabilities represent liabilities for goods and services received by the Group prior to the end of the financial year which are unpaid. The amounts within trade payables are unsecured. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1 Accounting policies continued

Provisions

The Group has provisions for the following items:

- dilapidations provisions relate to the estimated cost to put leased premises back to the required condition expected under the terms of the lease. These include provisions for required dilapidations along with provisions where leasehold improvements have been made that would require reinstatement back to the original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current;
- professional indemnity provisions relate to complaints against the Group. The amount provided is based on management's best estimate of the likely liability. These are recognised as a gross amount, with any amounts covered by insurance recognised as an asset within current assets, in line with IAS 37; and
- social security costs provisions represent estimates of the Group's National Insurance contributions liability on the cost of the Group's Performance Share Plans and Senior Equity Plans.

Employee Benefit Trust (EBT)

As the Group is deemed to have control of its EBT, it has been aggregated within the accounts of XPS Pensions Group plc, and therefore consolidated for the purposes of the consolidated financial statements. The EBT's investment in the Group's shares is deducted from equity in the consolidated statement of financial position as if it were treasury shares. Consideration paid (or received) for the purchase (or sale) of these shares is recognised directly in equity. The cost of shares held is presented as a separate reserve (the "investment in own shares"). As the shares are typically used to satisfy vested share options, the difference between the option cost and the weighted average cost of the shares is charged to retained earnings.

The equity-settled share-based payment expense represents the amount of share awards made by the EBT on behalf of the sponsoring entity (XPS Pensions Group plc).

EBT equity-settled awards, which vest immediately on issue, are measured at the fair value of the shares issued on the date of the award, representing the bid price of the shares. The share-based payment expense is charged to the consolidated statement of comprehensive income.

Revenue

Revenue, which excludes value added tax, represents the value of employee benefit consultancy and related business services supplied. Revenue is derived mainly from sales made in the United Kingdom. Revenue derived from outside the United Kingdom is immaterial.

Amounts recognised as revenue but not yet billed are reflected in the consolidated statement of financial position as contract assets. This is work where there is no unconditional right to receive the cash, but work has been performed in line with performance obligations. Amounts billed in advance of work performed are recognised as deferred income and presented in the statement of financial position as contract liabilities.

Performance obligations and timing of revenue recognition

Performance obligations in contracts with customers are typically satisfied as services are rendered. Where work performed in a period has not yet been billed, the value of this will be included in contract assets – accrued income at the period end. In most cases, revenue is recognised on an over time basis. This is because effort has been expended by the business on fulfilling the performance obligations in the contract and the contracts would require payment for time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract for any reason other than the Group's failure to perform its obligations under the contract. Invoices are in most cases raised monthly, based on timesheet data for Actuarial and consulting and Investment consulting. For Administration services, invoices are typically raised monthly based on services provided. Payment is typically due 30 days from date of invoice. Additionally, the Group has a SSAS and SIPP business which provides services to small self-administered pension schemes and self-invested pensions plans. The Group also receives income on corporate and customer bank deposits within the SSAS and SIPP business based on a rate linked to the Bank of England base rate.

The Group has a number of customers who are on a fixed price contract. This contract covers a number of services (actuarial, administration and investment), most of which are ongoing and therefore require no revenue recognition adjustment to the regular invoice issued to the customer. These are recognised monthly at the time of billing, as the benefit the customer receives as the work is done is largely in line with the amount billed each month.

For some fixed price customers, an element of the fixed fee includes the triennial valuation of their defined benefit pension schemes, which is a distinct performance obligation. Under IFRS 15, the Group has assessed these contracts and has determined that an adjustment is needed to recognise the revenue for the performance obligation relating to the triennial valuations in the specific periods that the work is undertaken.

For the fixed fee customers where an adjustment is required, payment is made monthly over a three-year period. The revenue recognition for triennial valuations takes place over the 15-month period after the valuation date, so there can be up to 35 months' variance between the date of billing and revenue recognition. Any variance between the timing of payment and the timing of revenue recognition will be recognised as either a contract asset (where the performance obligations met to date exceed the value billed from the contract to date) or a contract liability (where the value billed to date from the contract exceeds the performance obligations met to date).

1 Accounting policies continued

Revenue continued

Determining the transaction price and allocating amounts to performance obligations

For the contracts where an adjustment is required, the Group has identified the element of the fixed fee that is attributable to the triennial valuation. This has been calculated based on the expected time required to perform these obligations for each specific customer. To ensure that the revenue is allocated to the relevant period, the Group has determined the timespan for the triennial valuation work, and the separate stages of this work. A percentage has been applied to each stage, based on the proportion of total effort.

Judgement is required for these contracts in determining the value attributable to the triennial valuation work, and also to the stage of completion at each reporting period. The judgements made are based on experience, and have been validated by comparison to timesheet data to measure work performed over the three-year contract window.

For the McCloud work being performed by the Administration business, judgement is required to assess the cost to complete and therefore the revenue to be recognised at a point in time.

The remainder of revenue from fixed fee contracts is recognised on a monthly basis, as the services provided tend to be evenly spread over the life of the contract.

Services provided under contracts which do not include a fixed fee are recognised at a price quoted within the contract which typically varies depending on the level of seniority of the employee providing the service. Commission income is recognised on renewal of scheme membership, as the performance obligations are met at the time the contract is won or renewed with the insurer.

There are no significant judgements relating to revenue recognition for the SIP business.

Alternative performance measures (APMs)

The Group presents APMs within its Annual Report and Accounts; these APMs are not defined under the requirements of IFRS. These include those that are visible from the consolidated statement of comprehensive income and the following key APMs: adjusted EBITDA, Net debt/adjusted EBITDA, adjusted diluted earnings per share, and cash conversion. Management believes that the presentation of these APMs provides stakeholders with additional information on the underlying performance of the business, as well as aiding comparability between reporting periods by adjusting for factors which affect IFRS performance measures. These APMs are not a substitute for or superior to IFRS measures. The Group's APMs are defined, explained and reconciled to the nearest statutory measure within the Chief Financial Officer's Review.

Exceptional and non-trading items

To assist in understanding its underlying performance, the Group has defined the following items of pre-tax income and expense as exceptional or non-trading as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles. Items treated as non-trading or exceptional include:

- profits or losses on disposal of assets or businesses, which are considered to be non-trading in nature as these do not reflect the underlying performance of the Group. These transactions tend to be material in value, and the timing can be uncertain. The impact on the financial statements can be significant and can distort certain key performance indicators, such as basic EPS;
- corporate transaction and restructuring costs are considered to be exceptional in nature as these can be material and are not a reflection of the underlying performance of the Group. The timing of these costs can vary and amounts can differ significantly year on year, which can have a distortive impact on the statutory measures of performance;
- amortisation of acquired intangibles is considered to be non-trading as this is a material number and does not reflect the underlying performance of the Group, and users of the accounts expect to be able to assess the profitability and growth of the Group excluding this figure. Additionally this is a significant non-cash cost;
- changes in the fair value of contingent consideration – these movements do not reflect underlying trade and the timing of these items can be significantly different from the date of the original transaction to which they relate. They do not reflect the underlying performance of the Group as a whole;
- expenses deemed as acquisition-related remuneration under IFRS 3 are considered to be exceptional in nature. Without the link to continuing employment, these costs would have been treated as consideration and are material;
- share-based payments, which are considered a non-trading cost as they are a significant non-cash cost which are excluded from the results for the purposes of measuring performance for PSP awards and also dividend amounts. Additionally, the large non-cash-related credits go directly to equity and so have a limited impact on the reserves of the Group; and
- the related tax effect of these items.

1 Accounting policies continued

Exceptional and non-trading items continued

Any other non-recurring items are considered individually for classification as non-trading or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The non-trading items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 5.

Leases and payments

Identifying leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) there is an identified asset;

(b) the Group obtains substantially all the economic benefits from use of the asset; and

(c) the Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are predetermined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low-value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the lessee company's incremental borrowing rate on commencement of the lease is used. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 23).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, using the original discount rate. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

1 Accounting policies continued

Leases and payments continued

Identifying leases continued

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated lease increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement.

Where the lease liability changes due to a change in the lease term (for example, due to utilisation of an extension option) a new discount rate is used. This rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the Group's incremental borrowing rate at the date of reassessment if the interest rate implicit in the lease cannot be readily determined. The same rate is used for changes in index rates.

Share-based payment costs – Performance Share Plan and Senior Equity Plan

Share-based payment costs as referred to throughout these financial statements are a long-term employee benefit. The Group operates equity-settled, share-based compensation plans, under which the entity receives services from the Executive Directors and certain senior employees in consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the awards granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability and remaining a Director for a specified period of time).

The Senior Equity Plans (SEPs) do not have any market performance conditions or non-market performance vesting conditions, they only have service vesting conditions. The fair value for SEPs is the share price on the date of grant.

The total amount expensed to the Group is recognised over the vesting period of the award. Where a share award is cancelled, the share-based payment charge is accelerated at that point in time and all remaining unvested charge is immediately expensed to the Group.

Where a share award includes dividend equivalents, these are included within the IFRS 2 charge described above. The Group may settle these via cash or shares.

See the Employee Benefit Trust (EBT) policy above for information on the Employee Benefit Trust element of share-based payment costs.

1 Accounting policies continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit and loss in the statement of comprehensive income except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Changes in accounting policies – new standards, interpretations, and amendments effective from 1 April 2024

New and amended standards and interpretations issued by the IASB that apply for the first time in these annual financial statements do not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. These include:

- liability in a sale and leaseback (Amendments to IFRS 16 Leases);
- classification of liabilities as current or non-current (Amendments to IAS 1 Presentation of financial statements);
- non-current liabilities with covenants (Amendments to IAS 1 Presentation of financial statements); and
- supplier finance arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not effective for 2025, and therefore have not been applied in preparing XPS Group's financial statements. They are not expected to have a material impact on the Group's consolidated financial statements. These include the following amendments effective for the year beginning 1 April 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The following amendments are effective for the annual reporting period beginning 1 April 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures); and
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

The following standards and amendments are effective for the annual reporting period beginning 1 April 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements; and
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Group is currently assessing the impact of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024, supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions within the course of business. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. In the future, actual experience may differ from these estimates and assumptions. Significant judgements are separately identified where applicable. The Directors have reviewed the accounting estimates and judgements made, and have determined that there is one critical estimate relating to business combinations, and one critical judgement relating to the valuation of contract assets – accrued income within the unbilled element of pensions, investment and administration services.

1 Accounting policies continued

Critical accounting estimates and judgements continued

Business combinations (note 6)

Management determines and allocates the purchase price of an acquired business to the assets acquired and liabilities assumed as of the business combination date. The purchase price allocation process requires the use of significant estimates and assumptions, including the estimated fair value of the acquired intangible assets.

Whilst management uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the date of acquisition, the estimates and assumptions are inherently uncertain and subjective. Critical estimates in valuing certain of the intangible assets include but are not limited to:

- growth rate assumptions applied to the cash flow forecasts in the customer relationships; and
- discount rates applied to arrive at the value of customer relationship assets.

Contract assets – accrued income (note 19)

Management will make a judgement as to whether a project is in an accrued or deferred position at the end of each month/reporting period. This judgement is based on the time recorded against each client project versus the amount billed, as well as other factors including expected recoverability levels based on past experience, the nature of the work undertaken, and to what extent the performance obligations have been met, all in line with IFRS 15.

2 Financial risk management

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, market risk and the effects of changes in interest rates on debt. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

The Group's principal financial instruments comprise sterling cash, lease liabilities and bank loans together with trade receivables and trade payables that arise directly from its operations.

Risk management policies are established for the XPS Group of companies and the Group Audit & Risk Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Group. Further details relating to the current year position are provided in note 29.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Due to the nature of the business, the majority of the trade receivables are with trustees of pension schemes and large institutions and losses have occurred infrequently over previous years.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, within the going concern period, under both the normal and worst case scenarios modelled. Cash flow forecasts are updated daily and reviewed regularly by management. Trade debtor balances are managed to ensure debtors are kept to terms as much as is possible, and management ensures sufficient cash is available to meet expected cash outflows. The Group has significant headroom within its current revolving credit facility.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its financial instruments. Market risk comprises three elements – interest rate risks, foreign exchange risks, and pricing risks.

Interest rate risks are discussed in the cash flow interest rate risk below. The Group is exposed to movements in interest rate in its net finance costs and also in a small element of its operating revenue. Loans and borrowings are based on a rate linked to SONIA. The Group earns income in relation to client deposits as well as interest income on its own deposits.

The Group's financial instruments are currently in sterling; hence foreign exchange movements do not have a material effect on the Group's performance.

Pricing risks are considered to be low – an element of resetting fees regularly includes an inflation measure, but as this is contractual it does not present a significant risk to the Group.

The Group does not hold its own position in trading securities, being involved only in advising clients on transactions that they undertake.

The Group does not engage in holding speculative financial instruments or derivatives. Further quantitative disclosures are included in note 29.

2 Financial risk management continued

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in two main respects: firstly, corporate and client bank deposits, which earn interest at a variable rate, although not at a material level; and secondly, interest expense arising on the revolving credit facility at a margin over SONIA.

3 Capital risk management

The Group is focused on delivering value for its shareholders whilst ensuring that it is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

The policy for managing capital is to increase shareholder value by maximising profits and cash. Budgets and forecasts are set in the short and medium term that the Group feels are achievable. The processes for managing capital are regular reviews of financial data to ensure that the Group is tracking the targets set and to reforecast as necessary based on the most up-to-date information. This then contributes to the Group's forecast which ensures future covenant test points are met. The Group continues to meet these test points and they have been achieved over the last year.

Due to the nature of some of the services provided, two subsidiaries within the Group were regulated by the Financial Conduct Authority (FCA) during the year. They are required to hold a minimum level of capital and this is monitored on a monthly basis. Formal compliance returns are submitted to the FCA in line with their reporting requirements. The Group was compliant with its capital requirements throughout the year.

4 Auditor's remuneration

During the period the following services were obtained from the Group's auditor at a cost detailed below:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Audit services		
Fees payable in respect of the Parent Company and consolidated accounts	**412**	394
Fees payable in respect of the subsidiary accounts	**174**	166
	586	560
Audit-related services	**42**	42
Other assurance services	**13**	12
Other non-audit services	**—**	10
Total	**641**	624

5 Non-trading and exceptional items

	Note	Year ended 31 March 2025 Total before tax £'000	Tax on adjusting items[8] £'000	Adjusting items after taxation £'000	Year ended 31 March 2024 Total before tax £'000	Tax on adjusting items[8] £'000	Adjusting items after taxation £'000
Corporate transaction costs[1]		**(1,810)**	**—**	**(1,810)**	—	—	—
Acquisition-related remuneration[2]		**(2,080)**	**—**	**(2,080)**	(1,718)	(212)	(1,930)
Gain on purchase[3]		**988**	**—**	**988**	—	—	—
Exceptional items		**(2,902)**	**—**	**(2,902)**	(1,718)	(212)	(1,930)
Share-based payment costs[4]	12	**(8,764)**	**2,184**	**(6,580)**	(6,376)	1,623	(4,753)
Amortisation of acquired intangibles[5]	17	**(7,049)**	**1,762**	**(5,287)**	(7,034)	1,758	(5,276)
Gain on disposal[6]		**—**	**—**	**—**	32,538	—	32,538
Contingent consideration write back[7]		**—**	**—**	**—**	92	—	92
Non-trading items		**(15,813)**	**3,946**	**(11,867)**	19,220	3,381	22,601
Total		**(18,715)**	**3,946**	**(14,769)**	17,502	3,169	20,671

1 The Group incurred total corporate transaction costs of £1,810,000 (2024: £nil) in the year, which relate to deal fees associated with the Polaris acquisition. These amounts are material in size and one-off in nature. As such, in line with the Group's accounting policies, they have been classified as exceptional items. The overall transaction costs are material and do not reflect the underlying performance of the Group. Users of the accounts expect these costs to be disclosed separately, to aid visibility of underlying performance. The timing of these costs can also vary and are normally not aligned with the related benefits of the transaction.

2 Acquisition-related remuneration of £919,000 (2024: £nil) relates to the acquisition of Polaris, and contingent amounts owed to the vendor as acquisition-related remuneration in respect of the acquisition of Penfida Limited totalling £1,161,000 (2024: £1,718,000). For both the Polaris and the Penfida acquisitions, as continued employment is one condition of the share purchase agreements, then in accordance with IFRS 3, the entire additional amount must be treated as a post-transaction employment cost accruing over the deferment period (to March 2028 for Polaris, and to September 2024 for Penfida). These additional amounts are material in size and one-off in nature. As such, in line with the Group's accounting policies, and the treatment adopted in prior periods, they have been classified as exceptional items. The entire Penfida contingent acquisition-related remuneration of £3,500,000 was paid in October 2024. Users of the accounts expect these costs to be disclosed separately, to aid visibility of underlying performance. The timing of these costs can also vary and are normally not aligned with the related benefits of the transaction.

3 A gain on purchase of Polaris Actuaries and Consultants Ltd was recognised in the year. Due to the criteria set out in IFRS 3 that determine consideration that includes a continuing employment clause to be treated as post-acquisition remuneration, only £13.8 million of the total purchase price can be recognised as such. After a purchase price allocation exercise allocated amounts to intangible assets and related deferred tax, the Group is left with a gain on purchase, which is presented as other operating income. This item is exceptional by nature, as management does not consider this gain to reflect the performance of the Group in the year, and so it is presented as an exceptional item.

4 Share-based payment expenses and related National Insurance are included in non-trading and exceptional costs as they are a significant non-cash cost which is excluded from the results for the purposes of measuring performance for PSP awards and dividend amounts. Additionally, the largely non-cash-related credits go directly to equity and so have a limited impact on the reserves of the Group. They are therefore shown as a non-trading item to give clarity to users of the accounts on the profit figures that dividends and PSP performance are based on.

5 During the year the Group incurred £7,049,000 of amortisation charges in relation to acquired intangible assets (customer relationships and brand) (2024: £7,034,000). As this figure is material, and is linked to non-trading activity, management excludes this cost when reviewing and reporting on the underlying performance of the Group. Similarly, users of the accounts expect to be able to assess the profitability and growth of the Group excluding this figure.

6 The gain on disposal in the prior year relates to the NPT business disposal. This is a material figure which does not reflect the underlying performance of the Group and is non-recurring.

7 The contingent consideration write back in the prior year relates to the revaluation of the contingent consideration for the MJF acquisition. This income is deemed to be exceptional in nature as it is linked to a payment set out in the business transfer agreement for the Michael J Field acquisition in February 2022. This income is not related to underlying business performance and so is disclosed as non-trading income. Management does not include this figure in income when reviewing overall business performance. There are no further payments to be made in respect of this acquisition.

8 The tax credit on exceptional and non-trading items of £3,946,000 (2024: £3,169,000) represents 21% (2024: 18%) of the exceptional and non-trading items incurred of £18,715,000 (2024: £17,502,000). This is different to the expected tax credit of 25% (2024: charge of 25%), as various adjustments are made to tax including for deferred tax, and the exclusion of amounts not allowable for tax.

6 Business combinations during the period

On 28 February 2025, the Group acquired 100% of the share capital of Polaris Actuaries and Consultants Ltd ("Polaris") from the shareholders of Polaris Actuaries and Consultants Limited for £23.0 million cash upon completion (of which £9.2 million is subject to certain rights of clawback) and a further payment of up to £35.0 million which is payable after three years, contingent on achieving certain stretching business performance criteria. Due to the requirements of IFRS 3 which result in all consideration with an employment service condition being treated as a post-acquisition remuneration expense, the £9.2 million cash paid on completion, as well as the earn out accrual, will be treated as post-acquisition remuneration and will be an expense to the Group over the three-year period to 28 February 2028. This expense will be treated as an exceptional cost, as it meets the Group's definition of an exceptional item (see note 5).

Polaris was established in 2015 with the strategy to provide insurance clients with high-quality actuarial and technical services, supporting them on complex financial, risk and regulatory projects. Today, Polaris is at the forefront of its field, providing a range of services from large-scale, multi-disciplined transformation programmes to specialist project support for some of the UK's largest insurance companies.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £'000	Adjustment £'000	Fair value £'000
Trade and other receivables	2,223	—	2,223
Cash	32	—	32
Trade and other payables	(957)	—	(957)
Corporation tax payable	(351)	—	(351)
Customer relationships	—	18,500	18,500
Deferred tax	(1)	(4,625)	(4,626)
Total net assets	**946**	**13,875**	**14,821**

The fair value and the gross value of acquired receivables are the same. The receivables have been reviewed and it is expected that all contractual cash flows will be collected.

Fair value of consideration paid

	£'000
Cash (excluding amount with rights of clawback which are not treated as consideration under IFRS 3)	13,806
Accrued additional consideration	27
Total consideration	**13,833**
Gain on acquisition	(988)

Due to the restrictions under IFRS 3 on recognising consideration with a continuing employment clause as consideration, a gain on acquisition has arisen, instead of having an element of goodwill in the balance sheet. This gain on acquisition has been presented as other operating income and is shown as an exceptional item, as it does not represent the performance of the Group and is one-off in nature.

Since the acquisition date, Polaris has contributed £1.2 million to Group revenues and £0.4 million to Group profit before tax, before taking into account the post-acquisition remuneration referred to above. Including this figure, Polaris has contributed a loss of £0.6 million since the acquisition date.

If the acquisition had occurred on 1 April 2024, Group revenue would have been £247.4 million and Group profit before tax would have been £45.9 million, excluding the impact of the post-acquisition remuneration disclosed above. Including this, and assuming the transaction had taken place on 1 April, Group profit before tax would have been £45.0 million.

Acquisition expenses

Costs relating to this acquisition (excluding the post-acquisition remuneration) totalled £1,810,000 and are included within exceptional costs as corporate transaction costs.

7 Operating segments

In accordance with IFRS 8 Operating Segments, an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision-maker (CODM) and for which discrete information is available. The Group's CODM is the Board of Directors.

The Group has one operating segment, and one reporting segment due to the nature of services provided across the whole business being the same: consulting and administration services to UK pension schemes and insurance companies. The Group's revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment. The table below shows the disaggregation of the Group's revenue, by product line.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Actuarial & Consulting	**106,108**	93,411
Administration	**93,654**	71,929
Investment Consulting	**19,443**	20,316
SIP[1]	**12,580**	11,017
National Pension Trust (NPT)[2]	**—**	2,759
Total	**231,785**	199,432

1 Self Invested Pensions (SIP) business, incorporating both SIPP and SSAS products.

2 NPT business was sold on 20 November 2023 and so revenue in the prior year is up to that date.

8 Operating expenses

Included in the operating profit for the year are the following:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Expenses by nature		
Staff costs (note 9)	**138,367**	120,386
Depreciation and amortisation	**13,828**	12,857
Short term and low value lease costs	**240**	308
Premises costs (excluding rent accounted for under IFRS 16 Leases)	**3,398**	3,233
Professional fees	**7,603**	7,652
IT costs	**14,964**	13,167
Exceptional items excluding acquisition-related remuneration (note 5)	**822**	—
Other general business costs	**8,381**	7,485
Total	**187,603**	165,088

9 Staff numbers and costs

The average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Year ended 31 March 2025 Number of employees	Year ended 31 March 2024 Number of employees
Operational	**1,711**	1,557
Administration	**148**	137
Sales and marketing	**28**	27
Total	**1,887**	1,721

9 Staff numbers and costs continued

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Wages and salaries	**108,865**	95,425
Social security contributions	**11,555**	10,175
Defined contribution pension cost	**5,284**	4,650
Other long-term employee benefits	**1,819**	2,042
Acquisition-related remuneration (note 5)	**2,080**	1,718
Share-based payment costs (note 12)	**8,764**	6,376
Total	**138,367**	120,386

10 Employee benefits

Defined contribution plan

The Company operates a defined contribution pension plan. Outstanding contributions at the year end were £nil (2024: £nil).

11 Directors' emoluments

The Directors were remunerated for their services by the Group and their emoluments are disclosed below.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Aggregate emoluments excluding gain on exercise of share options	**3,155**	2,854
Gain on exercise of share options	**3,724**	2,024
Company contributions to defined contribution pension scheme	**30**	30
Total	**6,909**	4,908

Share-based payment expense for Directors was £1,340,000 (2024: £1,233,000).

	Year ended 31 March 2025 Number of Directors	Year ended 31 March 2024 Number of Directors
At 31 March 2025, retirement benefits are accruing to the following number of Directors under:		
Defined contribution pension schemes	**3**	3

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
The emoluments of the highest-paid Director, including benefits and share-based payment charge	**1,458**	1,379

12 Share-based payment costs

The Group operates a number of equity-settled share-based remuneration schemes for employees: Performance Share Plans (PSP) for Executive Directors and other key senior personnel, and Senior Equity Plans (SEP). All employees are also eligible to participate in the Save as You Earn (SAYE) scheme, the only vesting condition being that the individual remains an employee of the Group over the savings period.

The Executive PSP award expense relates to annual awards over shares that vest subject to certain, stretching performance conditions, measured over a three-year period. The maximum "normal" grant level is 150% of salary, capped at a maximum of 200% in exceptional circumstances. Malus and clawback provisions apply. The fair value of awards granted during the year was determined using certain assumptions around vesting. More information about the Executive PSP can be found in the Remuneration Report section of this Annual Report.

The Staff PSP award expense relates to annual awards over shares that vest subject to certain performance conditions, measured over a three-year period. The fair value of awards granted during the year was determined using certain assumptions around vesting.

12 Share-based payment costs continued

The only vesting criterion for the SEP is a service criterion. The fair value of awards under this scheme was determined using the share price on the date of grant.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
PSP awards, SEP awards and SAYE scheme	**5,946**	4,910
Social security cost on PSP awards and SEP awards (note 23)	**2,818**	1,466
Total share-based payments	**8,764**	6,376

The fair value of Executive PSP options granted during the period was calculated using different methods for different elements – the Black-Scholes method for the EPS and ESG elements, the Stochastic method for the TSR element, and the Chaffe method for the holding period. There is no change in the valuation methodology since the prior year. In the prior year there was also an additional award which is solely based on an EPS target. The fair value for this additional award was calculated using the Black-Scholes method. The inputs to the model were as follows:

	Year ended 31 March 2025				Year ended 31 March 2024				
	70% earnings per share (EPS)	**10% environmental, social and governance (ESG)**	**20% relative total shareholder return (TSR)**	**Two-year holding period**	70% earnings per share (EPS)	10% environmental, social and governance (ESG)	20% relative total shareholder return (TSR)	Two-year holding period	Additional award: 100% earning per share (EPS)
Weighted average exercise price of options issued during the period (pence)	**0.05**	**0.05**	**0.05**	**0.05**	0.05	0.05	0.05	0.05	0.05
Expected volatility (%)	**n/a**	**n/a**	**33.92%**	**33.68%**	n/a	n/a	36.44%	37.02%	n/a
Expected life beyond vesting date (years)	**3**	**3**	**3**	**2**	3	3	3	2	3
Risk-free rate (%)	**n/a**	**n/a**	**4.44%**	**4.26%**	n/a	n/a	4.88%	4.64%	n/a
Dividend yield (%)	**—**	**—**	**—**	**—**	—	—	—	—	—

For the TSR element, the volatility is calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. For the holding period, this is calculated over the period commensurate with the holding period immediately prior to the date of grant.

The risk-free rate is calculated using the rate of interest obtainable from government securities (i.e. gilts in the UK) over a period commensurate with the expected term. For the holding period the risk-free rate is the rate obtained over a term equal to the vesting period plus the holding period.

The fair value of Staff PSP options granted during the period was calculated using the Monte Carlo valuation method. The inputs to the model were as follows:

	Year ended 31 March 2025
Weighted average exercise price of options issued during the period (pence)	**0.05**
Dividend yield (%)	**—**

No Staff PSP options were granted during the prior year.

The fair value of SAYE options granted during the year was calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	Year ended 31 March 2025
Weighted average exercise price of options issued during the period (pence)	**240.0**
Expected volatility (%)	**33.56%**
Expected life beyond vesting date (years)	**3.35**
Risk-free rate (%)	**4.22%**
Dividend yield (%)	**3.13%**

The volatility assumption has been calculated over the period of time commensurate with the expected award term immediately prior to the date of grant.

No SAYE options were granted during the prior year.

12 Share-based payment costs continued

As at 31 March 2025, in respect of the Group's ordinary shares of 0.05p each, 2,453,641 Executive PSP options had been granted and remained outstanding, at an exercise price of 0.05p per share, 377,099 Staff PSP options had been granted and remained outstanding, at an exercise price of 0.05p per share, 6,042,551 Staff SEP options had been granted and remained outstanding, at an exercise price of 0.05p per share, 8,108 SAYE options had been granted and remained outstanding, at an exercise price of 111p per share, 2,185,830 SAYE options had been granted and remained outstanding, at an exercise price of 104p per share, and 1,230,915 SAYE options had been granted and remained outstanding, at an exercise price of 240p per share. The table below includes dividend equivalent shares on the PSP and SEP option figures where applicable.

		2025 Weighted average exercise price (pence)	**2025 Number**	2024 Weighted average exercise price (pence)	2024 Number
Executive PSP	Outstanding at 1 April	**0.05**	**3,015,959**	0.05	3,037,475
	Granted during the year	**0.05**	**530,699**	0.05	948,483
	Forfeited during the year	**0.05**	**—**	0.05	(327,860)
	Exercised during the year	**0.05**	**(940,463)**	0.05	(620,424)
	Cancelled during the year	**0.05**	**(42,142)**	0.05	(21,715)
	Outstanding at 31 March	**0.05**	**2,564,053**	0.05	3,015,959
Staff PSP	Outstanding at 1 April	**0.05**	**184,907**	0.05	329,242
	Granted during the year	**0.05**	**355,593**	—	—
	Forfeited during the year	**—**	**—**	0.05	(3,869)
	Exercised during the year	**0.05**	**(141,836)**	0.05	(135,716)
	Cancelled during the year	**0.05**	**(4,965)**	0.05	(4,750)
	Outstanding at 31 March	**0.05**	**393,699**	0.05	184,907
Staff SEP	Outstanding at 1 April	**0.05**	**6,858,417**	0.05	6,306,014
	Granted during the year	**0.05**	**1,282,634**	0.05	2,590,302
	Forfeited during the year	**0.05**	**(71,309)**	0.05	(84,425)
	Exercised during the year	**0.05**	**(1,681,626)**	0.05	(1,887,415)
	Cancelled during the year	**0.05**	**(74,156)**	0.05	(66,059)
	Outstanding at 31 March	**0.05**	**6,313,960**	0.05	6,858,417
SAYE	Outstanding at 1 April	**111.17**	**3,050,366**	110.79	3,173,969
	Granted during the year	**240.00**	**1,263,240**	—	—
	Forfeited during the year	**121.08**	**(73,058)**	105.61	(50,382)
	Exercised during the year	**110.86**	**(781,171)**	87.47	(29,081)
	Lapsed during the year	**111.00**	**(9,469)**	—	—
	Cancelled during the year	**230.61**	**(25,055)**	106.01	(44,140)
	Outstanding at 31 March	**157.67**	**3,424,853**	111.17	3,050,366

The exercise price of options outstanding at 31 March 2025 ranged between £0.0005 (i.e. the nominal value of an ordinary share) in the case of the PSPs and SEPs and £2.40 in the case of the SAYE scheme (2024: £0.0005 to £1.11). Their weighted average contractual life was three years (2024: three years), and their weighted average exercise price was £0.43 (2024: £0.25).

Across all schemes, of the total number of options outstanding at 31 March 2025, 210,009 (2024: 403,985) had vested and were exercisable.

The weighted average fair value of each option granted during the year was £2.20 (2024: £1.74). The weighted average exercise price for exercisable options was 4.33 pence per share (2024: 0.05 pence per share). The weighted average share price at the date of exercise for share options exercised during the year was £3.08 (2024: £1.88).

13 Finance income and expense

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Interest income on bank deposits	**109**	50
Finance income	**109**	50
Interest expense on bank loans	**2,052**	3,629
Other costs of borrowing	**742**	542
Interest on leases	**634**	323
Other finance expense	**113**	49
Finance expenses	**3,541**	4,543

14 Income tax expense

Recognised in the statement of comprehensive income

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current tax expense		
Current year	**13,275**	10,133
Adjustment in respect of prior year	**(1,154)**	(131)
Total current tax expense	**12,121**	10,002
Deferred tax credit		
Origination and reversal of temporary differences	**(2,234)**	(2,231)
Adjustment in respect of prior year	**520**	543
Total income tax expense	**10,407**	8,314

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Profit for the year	**30,343**	54,167
Total tax expense	**10,407**	8,314
Profit before income tax	**40,750**	62,481
Tax using the UK corporation tax rate of 25% (2024: 25%)	**10,188**	15,620
Non-deductible expenses	**1,189**	510
Other operating income not taxable	**(247)**	(23)
Gain on disposal not taxable	**—**	(8,135)
Fixed asset permanent differences	**(89)**	(70)
Adjustment in respect of prior periods	**(634)**	412
Total tax expense	**10,407**	8,314

The standard rate of corporation tax in the UK was 25% (2024: 25%). The average effective tax rate was 26% (2024: 13%). The average effective rate in the prior year is impacted by the non-taxable gain on sale of the NPT business. Excluding this, the effective tax rate in the prior year was 28%. This is higher than the standard rate due to the impact of costs not allowable for tax. Deferred tax assets and liabilities have been measured at the rate they are expected to unwind at, using a rate substantively enacted at 31 March 2025, which is 25% (2024: 25%). Deferred tax not recognised relates to £6.7 million (2024: £6.7 million) of finance expense losses in a prior year and their future recoverability is uncertain. At 31 March 2025 the total unrecognised deferred tax asset in respect of these losses was approximately £1.7 million (2024: £1.7 million).

£1,521,000 (2024: £521,000) of current year tax, and £2,366,000 (2024: £1,167,000) of deferred tax was recognised directly in equity; this relates to employee share options accounted for under IFRS 2.

15 Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 April 2024	4,456	2,080	906	7,442
Additions	1,704	568	64	2,336
Disposals	(1,089)	(318)	(214)	(1,621)
Balance at 31 March 2025	**5,071**	**2,330**	**756**	**8,157**
Accumulated depreciation				
Balance at 1 April 2024	2,141	846	479	3,466
Depreciation charge for the year	495	448	91	1,034
Disposals	(1,089)	(318)	(214)	(1,621)
Balance at 31 March 2025	**1,547**	**976**	**356**	**2,879**
Net book value				
Balance at 1 April 2024	2,315	1,234	427	3,976
Balance at 31 March 2025	**3,524**	**1,354**	**400**	**5,278**

	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 April 2023	3,502	1,595	901	5,998
Additions	992	733	64	1,789
Disposals	(38)	(248)	(59)	(345)
Balance at 31 March 2024	4,456	2,080	906	7,442
Accumulated depreciation				
Balance at 1 April 2023	1,755	739	425	2,919
Depreciation charge for the year	424	355	113	892
Disposals	(38)	(248)	(59)	(345)
Balance at 31 March 2024	2,141	846	479	3,466
Net book value				
Balance at 1 April 2023	1,747	856	476	3,079
Balance at 31 March 2024	2,315	1,234	427	3,976

16 Leases

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the UK. In some instances the rent is reviewed and may be reset periodically to market rental rates. In other cases the periodic rent is fixed over the lease term. The Group also leases electric vehicles on behalf of employees, who reimburse the Company for the cost. Leases of electric vehicles comprise only fixed payments over the lease terms. The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

31 March 2025	**Lease contracts Number**	**Fixed payments %**	**Variable payments %**	**Sensitivity £'000**
Property leases with periodic uplifts to market rentals	**8**	**—**	**70**	**± 408**
Property leases with fixed payments	**7**	**28**	**—**	**—**
Leases of electric vehicles	**25**	**2**	**—**	**—**
	40	**30**	**70**	**± 408**

31 March 2024	Lease contracts Number	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with periodic uplifts to market rentals	8	—	85	± 337
Property leases with fixed payments	7	11	—	—
Leases of electric vehicles	19	4	—	—
	34	15	85	± 337

The Group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term; and
- whether the location represents a new area of operations for the Group.

At 31 March 2025, the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Group would not exercise its right to break the lease. Total undiscounted lease payments of £8,162,566 (2024: £6,747,875) are potentially avoidable were the Group to exercise break clauses at the earliest opportunity.

16 Leases continued

Nature of leasing activities (in the capacity as lessee) continued

Right-of-use assets	Land and buildings £'000	Electric vehicles £'000	Total £'000
At 1 April 2024	8,538	354	8,892
Additions	7,608	188	7,796
Depreciation	(2,810)	(152)	(2,962)
Effect of modification to lease terms	148	2	150
Disposal of lease	—	(41)	(41)
At 31 March 2025	**13,484**	**351**	**13,835**

Right-of-use assets	Land and buildings £'000	Electric vehicles £'000	Office equipment £'000	Total £'000
At 1 April 2023	9,640	—	44	9,684
Additions	2,576	476	—	3,052
Depreciation	(2,740)	(103)	(44)	(2,887)
Effect of modification to lease terms	(311)	—	—	(311)
Disposal of lease	(627)	(19)	—	(646)
At 31 March 2024	8,538	354	—	8,892

Lease liabilities	Land and buildings £'000	Electric vehicles £'000	Total £'000
At 1 April 2024	8,806	361	9,167
Additions	7,312	188	7,500
Interest expense	614	20	634
Effect of modification to lease term	6	2	8
Disposal	—	(41)	(41)
Lease payments	(2,147)	(168)	(2,315)
At 31 March 2025	**14,591**	**362**	**14,953**

Lease liabilities	Land and buildings £'000	Cars	Office equipment £'000	Total £'000
At 1 April 2023	9,880	—	55	9,935
Additions	2,359	476	—	2,835
Interest expense	304	18	1	323
Effect of modification to lease term	(311)	—	—	(311)
Disposal	(511)	(19)	—	(530)
Lease payments	(2,915)	(114)	(56)	(3,085)
At 31 March 2024	8,806	361	—	9,167

	31 March 2025 £'000	31 March 2024 £'000
Short-term lease expense	**225**	285
Low-value lease expense	**15**	23
Aggregate expense for short-term leases	**240**	308

16 Leases continued

Nature of leasing activities (in the capacity as lessee) continued

The maturity of the lease liabilities are as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Up to 3 months	**841**	471
Between 3 and 12 months	**2,074**	1,401
Between 1 and 2 years	**2,642**	1,640
Between 2 and 5 years	**4,902**	3,869
More than 5 years	**4,494**	1,786
	14,953	9,167

The cash flows above are discounted and reconcile back to the lease liability. For the undiscounted cash flows, please see note 29.

17 Intangible assets

Group	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Balance at 1 April 2024	125,296	130,484	295	18,619	274,694
Acquired through business combinations	—	18,500	—	—	18,500
Additions	—	—	—	6,260	6,260
Disposals	—	—	—	(1,722)	(1,722)
Balance at 31 March 2025	**125,296**	**148,984**	**295**	**23,157**	**297,732**
Accumulated amortisation					
Balance at 1 April 2024	—	62,092	295	4,237	66,624
Amortisation for the year	—	7,049	—	2,783	9,832
Disposals	—	—	—	(1,722)	(1,722)
Balance at 31 March 2025	**—**	**69,141**	**295**	**5,298**	**74,734**
Net book value					
Balance at 1 April 2024	125,296	68,392	—	14,382	208,070
Balance at 31 March 2025	**125,296**	**79,843**	**—**	**17,859**	**222,998**

Group	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Balance at 1 April 2023	125,367	130,484	295	14,589	270,735
Adjustment to prior year business combinations	(71)	—	—	—	(71)
Additions	—	—	—	5,450	5,450
Disposals	—	—	—	(1,420)	(1,420)
Balance at 31 March 2024	125,296	130,484	295	18,619	274,694
Accumulated amortisation					
Balance at 1 April 2023	—	55,254	99	3,279	58,632
Amortisation for the year	—	6,838	196	2,027	9,061
Disposals	—	—	—	(1,069)	(1,069)
Balance at 31 March 2024	—	62,092	295	4,237	66,624
Net book value					
Balance at 1 April 2023	125,367	75,230	196	11,310	212,103
Balance at 31 March 2024	125,296	68,392	—	14,382	208,070

17 Intangible assets continued

Material customer relationship assets are broken down as follows:

	31 March 2025		31 March 2024	
	Remaining UEL years	**Net book value £'000**	Remaining UEL years	Net book value £'000
Acquisitions prior to January 2018 (CGU 1)	**8**	**13,261**	9	14,937
Acquisitions prior to January 2018 (CGU 2)	**8**	**969**	9	1,091
Punter Southall actuarial (CGU 1)	**13**	**35,338**	14	38,104
Punter Southall administrative (CGU 1)	**3**	**2,721**	4	3,699
Kier (CGU 1)	**4**	**1,113**	5	1,423
XPS Pensions RL Limited (CGU 1)	**5**	**1,269**	6	1,574
XPS Pensions Trigon Limited (CGU 1)	**5**	**987**	6	1,202
Michael J Field (CGU 2)	**7**	**1,342**	8	1,538
Penfida Limited (CGU 1)	**18**	**4,563**	19	4,824
Polaris Actuaries and Consultants Ltd (CGU 1)	**7**	**18,280**	—	—

Software assets held by the Group comprise internally generated or enhanced software for use in providing services to customers. The largest group of software assets relates to the Administration business, specifically the development of an in-house administration system. Software disposals in the year related to software which has reached the end of its useful economic life and is no longer in use.

Impairment test

Goodwill represents the excess of the consideration over the fair value of the net assets acquired on the purchase of the subsidiary companies listed in note 33, as well as goodwill which has arisen on the purchase of trade and assets by the Group. In accordance with IFRS, this balance is not amortised and is subject to annual impairment reviews.

During the year, management undertook a review of the cash-generating units (CGUs) within the Group, and concluded that a change was required. In prior years, four CGUs were identified:

- CGU 1 – Former Xafinity businesses, Royal London, Trigon, and Michael J Field acquisitions;
- CGU 2 – PS Actuarial;
- CGU 3 – PS Admin; and
- CGU 4 – Penfida.

IAS 36 requires the Group to divide into as many CGUs as possible, and the lowest aggregation of assets that generate largely independent cash inflows must be identified. IAS 36 allows for an element of flexibility over what constitutes a CGU, as this area involves judgement. Management has critically reviewed the current CGU structure and determined that this is no longer appropriate – instead there are two CGUs – one for Advisory and Administration, which covers the majority of the Group's activities, and one for the SIP business. The SIP business has its own discrete customer set and independent cash inflows. For the other revenue streams, clients are billed in line with their contract, through one legal entity; however, the revenue is recognised in the entity fulfilling the performance obligation, and so the cash inflows cannot really be split any further.

As a part of this exercise, management has considered whether smaller groups of assets exist, for example along the lines of the revenue disaggregation, and has concluded that they do not. The standard does allow a change to the CGUs as long as it is justified. Management has performed an impairment test on the basis of the new CGUs, as well as under the previous CGU basis. The testing shows that there were no indications of impairment under either the new or the old basis.

The carrying value of goodwill was therefore assessed based on two new CGUs:

- CGU 1 – Advisory and Administration; and
- CGU 2 – SIP.

17 Intangible assets continued

Impairment test continued

The CGUs at each year end were assessed on the basis of value in use using the following assumptions, which reflect past experience of the Group:

	2025		2024			
	CGU 1	**CGU 2**	CGU 1	CGU 2	CGU 3	CGU 4
Discount rate pre-tax	**12.0%**	**12.0%**	12.6%	12.6%	12.6%	12.6%
Terminal rate after period 8	**2.0%**	**2.0%**	2.0%	2.0%	2.0%	2.0%
Period on which detailed forecasts are based	**3 years**	**3 years**	3 years	3 years	3 years	3 years
Growth rate during detailed forecast period (average)	**12.1%**	**20.2%**	10.4%	8.5%	30.2%	20.8%
Growth rate applied beyond approved forecast period to year 8	**5%**	**5%**	5%	5%	5%	5%

The discount rate comprises two elements, the cost of debt and the cost of equity, to derive a blended cost of capital demanded by all providers of capital. The cost of equity is based on the following components:

- beta: calculated to estimate how volatile the Group's equity is compared to a peer group;
- risk-free rate: using a ten-year UK government bond yield as a proxy for the risk-free rate; and
- equity risk premium: the implied rate as at 31 March 2025 is used to assess the price of risk in equity markets.

The cost of debt represents the cost of capital for the Group's drawn revolving credit facility and is based on average borrowings during the year.

The cash flows used for the value in use calculations incorporate the impact of inflation, and future assumptions regarding inflation which are based on the latest outlook from the UK government.

The growth rate beyond the forecast period is based on a blend of average growth rates experienced by the Group and management's assessment of industry and macroeconomic outlooks. Such forecast rates have been accurate in the past, so the Directors believe they will be sufficiently representative of actual results.

The growth rate is applied up to eight years; this is due to the longevity of the customer relationships held by the Group. The growth rate of 5% is higher than the terminal rate due to expectations of market conditions and higher inflation in the medium term.

The impairment exercise demonstrated that there was significant headroom in all CGUs on this basis, and so the Directors are satisfied that no impairment has arisen during the financial period.

Goodwill allocated to cash-generating units:	**2025 £'000**	2024 Represented for new CGU split £'000
Goodwill – CGU 1:	**121,258**	121,258
Goodwill – CGU 2:	**4,038**	4,038
Total	**125,296**	125,296

Sensitivity analysis of assumptions

The Group performed further sensitivity analysis by recalculating the fair value of the net assets of the Group on a "worst case" basis. For the Group, the worst case would be breaching the banking covenants on leverage, as that could lead to the Group's revolving credit facility being withdrawn. The size of the impact on revenue to reach this point was considered, alongside mitigating factors that the Group would take if necessary. This analysis showed that this potential worst case scenario is considered unlikely to materialise, and so there was no requirement for impairment. The Group has also assessed the sensitivity of the discount rate and growth rates used in the impairment testing, and determined that these were not sensitive.

18 Other long-term receivables

	31 March 2025 £'000	31 March 2024 £'000
Prepayments	**5,971**	—

The prepayment amount represents the non-current element of the cash paid to the previous owners of Polaris Actuaries and Consultants Limited, who are now employees of XPS Group. This amount is subject to a clawback provision and so will be amortised over the clawback period of three years.

19 Trade and other receivables

	31 March 2025 £'000	31 March 2024 £'000
Trade receivables	**30,206**	27,650
Less: provision for impairment of trade receivables	**(539)**	(602)
Net trade receivables	**29,667**	27,048
Contract assets – accrued income	**19,875**	16,706
Contract assets – amounts recognised for triennial reviews	**1,278**	1,355
Total contract assets	**21,153**	18,061
Total financial assets other than cash and cash equivalents carried at amortised cost	**50,820**	45,109
Prepayments	**9,664**	5,530
Other receivables	**199**	283
Total trade and other receivables	**60,683**	50,922

The carrying value of trade and other receivables carried at amortised cost approximates to fair value.

31 March 2025	**Current £'000**	**Past due 0–30 days £'000**	**Past due 31–90 days £'000**	**Past due more than 90 days £'000**	**Total £'000**
Expected loss rate	**0%**	**1%**	**4%**	**12%**	
Gross carrying amount	**23,743**	**3,932**	**1,805**	**726**	**30,206**
Loss provision	**71**	**32**	**66**	**86**	**255**
Amendment for specific bad debt provision	**(71)**	**(32)**	**(66)**	**453**	**284**
Total	**—**	**—**	**—**	**539**	**539**

31 March 2024	Current £'000	Past due 0–30 days £'000	Past due 31–90 days £'000	Past due more than 90 days £'000	Total £'000
Expected loss rate	0%	1%	7%	41%	
Gross carrying amount	20,046	4,788	1,867	949	27,650
Loss provision	72	50	129	389	640
Amendment for specific bad debt provision	(72)	(50)	(129)	213	(38)
Total	—	—	—	602	602

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information affecting the Group's customers.

Once the IFRS 9 approach has been calculated, the Group then calculates a specific debt provision based on age of debt and specific client knowledge. The provision is then adjusted to take this detail into account.

Of the March 2024 contract asset balance relating to triennial reviews of £1,355,000, £1,119,000 was billed in the year, reducing the brought forward amount. A further £1,042,000 of revenue was recognised in the year. There are no other significant movements in the contract assets balance in the year. The March 2025 contract asset balance is expected to be billed in the year ending 31 March 2026 (£1,013,000), the year ending 31 March 2027 (£257,000), and the year ending 31 March 2028 (£8,000).

Prepayments include an asset of £2,985,000 (2024: £nil) in respect of the current portion of the clawback provision on the Polaris prepaid acquisition-related remuneration. This receivable is amortised over the clawback period of three years.

20 Cash and cash equivalents

	31 March 2025 £'000	31 March 2024 £'000
Cash and cash equivalents per statement of financial position	**14,717**	10,005
Cash and cash equivalents per statement of cash flows	**14,717**	10,005

The balance comprises solely cash at bank and on hand.

21 Loans and borrowings

31 March 2025	Due within 1 year (current) £'000	Due between 1 and 2 years £'000	Due after 2 years £'000	Sub-total (non-current) £'000	Total £'000
Drawn revolving credit facility	**—**	**—**	**55,000**	**55,000**	**55,000**
Capitalised debt arrangement fees	**—**	**—**	**(979)**	**(979)**	**(979)**
Total	**—**	**—**	**54,021**	**54,021**	**54,021**

31 March 2024	Due within 1 year (current) £'000	Due between 1 and 2 years £'000	Due after 2 years £'000	Sub-total (non-current) £'000	Total £'000
Drawn revolving credit facility	—	—	24,000	24,000	24,000
Capitalised debt arrangement fees	—	—	(614)	(614)	(614)
Total	—	—	23,386	23,386	23,386

The book value and fair value of loans and borrowings are not materially different.

Terms and debt repayment schedule

31 March 2025	Amount £'000	Currency	Nominal interest rate	Year of maturity
Revolving credit facility	**55,000**	**GBP**	**1.20% above SONIA**	**2029**

31 March 2024	Amount £'000	Currency	Nominal interest rate	Year of maturity
Revolving credit facility	24,000	GBP	1.25% above SONIA	2026

At 31 March 2025 the Group had drawn down £55,000,000 (2024: £24,000,000) of its £120,000,000 (2024: £100,000,000) revolving credit facility. The Group's revolving facility agreement is for £120 million with an accordion of £50 million. This facility had a four-year term which started in March 2025. This facility replaces the Group's previous facility which was due to expire in October 2026. Interest is calculated at a margin above SONIA, subject to a net leverage test. The related fees for access to the facility are included in the consolidated statement of comprehensive income.

Capitalised loan-related costs are amortised over the life of the loan to which they relate.

Bank debt is secured by way of debentures in the Group companies which are obligors to the loans. These are XPS Pensions Group plc, XPS Consulting Limited, XPS Pensions Consulting Limited, XPS SIPP Services Limited, XPS Holdings Limited, XPS Pensions Limited, XPS Investment Limited, XPS Administration Limited, and Polaris Actuaries and Consultants Ltd. The security is over all the assets of the companies which are obligors to the loans.

22 Reconciliation of liabilities arising from financing activities

	31 March 2024 £'000	Cash flows £'000	Other non-cash changes £'000	Non-cash change: new leases/ interest this year £'000	31 March 2025 £'000
Drawn revolving credit facility	24,000	31,000	—	—	**55,000**
Capitalised debt arrangement fees	(614)	(999)	634	—	**(979)**
Interest payable on long-term borrowings	89	(1,818)	—	1,775	**46**
Lease liabilities	9,167	(2,315)	—	8,101	**14,953**
Total liabilities from financing activities	32,642	25,868	634	9,876	**69,020**

22 Reconciliation of liabilities arising from financing activities continued

	31 March 2023 £'000	Cash flows £'000	Other non-cash changes £'000	Non-cash change: new leases/ interest this year £'000	31 March 2024 £'000
Drawn revolving credit facility	68,000	(44,000)	—	—	24,000
Capitalised debt arrangement fees	(690)	(200)	276	—	(614)
Interest payable on revolving credit facility	49	(3,905)	—	3,945	89
Lease liabilities	9,935	(3,085)	—	2,317	9,167
Total liabilities from financing activities	77,294	(51,190)	276	6,262	32,642

Net debt for bank reporting purposes:

	31 March 2025 £'000	31 March 2024 £'000
Drawn revolving credit facility	**55,000**	24,000
Less: cash	**(14,717)**	(10,005)
Net debt	**40,283**	13,995

For banking covenant purposes, net debt includes any amounts owed as contingent consideration, but excludes lease liabilities.

23 Provisions for other liabilities and charges

31 March 2025	**Social security costs on PSP/SEPs £'000**	**Dilapidations £'000**	**Professional indemnity £'000**	**Total £'000**
Balance at 1 April 2024	**1,857**	**1,353**	**506**	**3,716**
Provisions made during the year	**2,818**	**438**	**605**	**3,861**
Provisions used during the year	**(1,269)**	**—**	**(401)**	**(1,670)**
Provisions released unused during the year	**—**	**—**	**(304)**	**(304)**
Balance at 31 March 2025	**3,406**	**1,791**	**406**	**5,603**
Due within one year or less	**1,929**	**365**	**406**	**2,700**
Due after more than one year:				
Between one and three years	**1,477**	**165**	**—**	**1,642**
Over three years	**—**	**1,261**	**—**	**1,261**
	3,406	**1,791**	**406**	**5,603**

31 March 2024	Social security costs on PSP/SEPs £'000	Dilapidations £'000	Professional indemnity £'000	Total £'000
Balance at 1 April 2023	1,155	1,911	812	3,878
Provisions made during the year	1,466	317	923	2,706
Provisions used during the year	(764)	(675)	(986)	(2,425)
Provisions released unused during the year	—	(200)	(243)	(443)
Balance at 31 March 2024	1,857	1,353	506	3,716
Due within one year or less	954	454	506	1,914
Due after more than one year:				
Between one and three years	903	73	—	976
Over three years	—	826	—	826
	1,857	1,353	506	3,716

23 Provisions for other liabilities and charges continued

Social security costs (National Insurance) are payable on gains made by employees on exercise of share options granted to them. The eventual liability to National Insurance is dependent on:

- the market price of the Group's shares at the date of exercise;
- the number of options that will be exercised; and
- the prevailing rate of National Insurance at the date of exercise.

Dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised within the depreciation of the right-of-use asset over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

The dilapidations provision will be utilised after the end of the lease of the asset to which it relates.

The Group is involved in a small number of potential professional indemnity claims. The amount provided represents the Directors' best estimate of the Group's liability, after having taken legal advice. Uncertainties relate to whether claims will be settled out of court or, if not, whether the Group is successful in defending any action. Because of the nature of the disputes, the Directors have not disclosed future information on the basis that they believe that this would be seriously prejudicial to the Group's position in defending the cases brought against it. The provision relating to potential professional indemnity claims is updated depending on the status of each individual claim.

24 Deferred tax

Analysis of the breakdown and movement of deferred tax during the year is as follows:

	Balance at 1 April 2024 £'000	Recognised in income £'000	Recognised in equity £'000	Acquired in period £'000	**31 March 2025 £'000**
Property, plant and equipment	319	129	—	—	**448**
Capital gains	943	(943)	—	—	**—**
Other temporary and deductible differences – share-based payments	(3,499)	(486)	(2,366)	—	**(6,351)**
Other temporary and deductible differences – other	496	406	—	—	**902**
Customer relationships	17,334	(820)	—	4,625	**21,139**
	15,593	(1,714)	(2,366)	4,625	**16,138**

	Balance at 1 April 2023 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2024 £'000
Property, plant and equipment	226	93	—	319
Capital gains	943	—	—	943
Other temporary and deductible differences – share-based payments	(1,806)	(526)	(1,167)	(3,499)
Other temporary and deductible differences – other	(10)	506	—	496
Customer relationships	19,092	(1,758)	—	17,334
	18,445	(1,685)	(1,167)	15,593

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets and liabilities have been measured at the rate they are expected to unwind at, using a rate substantively enacted at 31 March 2025, which is not lower than 25% (2024: 25%).

25 Trade and other payables

	31 March 2025 £'000	31 March 2024 £'000
Trade payables	**7,888**	2,839
Accrued expenses	**21,234**	17,215
Accrued acquisition-related remuneration (note 5)	**670**	2,534
Interest payable	**46**	89
Other payables	**299**	495
Total financial liabilities excluding leases, loans and borrowings, classified as financial liabilities at amortised cost	**30,137**	23,172
Other payables – tax and social security payments	**2,830**	2,411
Other payables – VAT	**7,131**	7,358
Contract liabilities	**7,028**	10,781
Total trade and other payables	**47,126**	43,722
Current	**46,456**	43,722
Non-current	**670**	—
Total trade and other payables	**47,126**	43,722

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair value.

The March 2025 contract liability balance is expected to be recognised in the year ended 31 March 2026 (£6,611,000), 31 March 2027 (£377,000), and 31 March 2028 (£40,000). Of the March 2024 contract liability balance of £10,781,000, £10,435,000 was recognised in revenue in the year to 31 March 2025, £250,000 will be recognised in the year to 31 March 2026, and £96,000 in the year to 31 March 2027.

The non-current trade and other payables relate to acquisition-related remuneration for the Polaris acquisition, which is payable in three years' time. The amount accrued represents one month's worth of the expected payout based on certain performance criteria. This will be reviewed and updated if the expected payout changes over the three-year period.

26 Current income tax liabilities

	31 March 2025 £'000	31 March 2024 £'000
Tax payable	**234**	427

27 Share capital

	31 March 2025		31 March 2024	
	Ordinary shares '000	Ordinary shares £'000	Ordinary shares '000	Ordinary shares £'000
In issue at the beginning of the year	**207,545**	**104**	207,443	104
Issued during the year	**810**	**—**	102	—
In issue at the end of the year	**208,355**	**104**	207,545	104

	31 March 2025		31 March 2024	
	'000	£'000	'000	£'000
Allotted, called up and fully paid				
Ordinary shares of 0.05p (2024: 0.05p) each	**203,654**	**102**	206,032	103
Shares held by the Group's Employee Benefit Trust				
Ordinary shares of 0.05p (2024: 0.05p) each	**4,701**	**2**	1,513	1
Shares classified in shareholders' funds	**208,355**	**104**	207,545	104

The number of shares allotted in the year is 810,440 (2024: 101,835).

The Group has invested in the shares for its Employee Benefit Trust (EBT). These shares are held on behalf of employees and legal ownership will transfer to those employees on the exercise of an award. This investment in own shares held in trust is deducted from equity in the consolidated statement of changes in equity.

28 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Retained earnings:	All net gains and losses recognised through the consolidated statement of comprehensive income.
Share premium:	Amounts subscribed for share capital in excess of nominal value.
Merger relief reserve:	The merger relief reserve represents the difference between the fair value and nominal value of shares issued on the acquisition of subsidiary companies.
Investment in own shares held in trust:	Cost of own shares held by the EBT.

29 Financial instruments

The fair values and the carrying values of financial assets and liabilities are the same.

Credit risk

The maximum exposure to credit risk at the reporting date was:

	Carrying amount 31 March 2025 £'000	Carrying amount 31 March 2024 £'000
Trade receivables	**30,206**	27,650
Provision for impairment of trade receivables	**(539)**	(602)
Net trade receivables due	**29,667**	27,048
Contract assets – accrued income	**19,875**	16,706
Contract assets – amounts recognised for triennial reviews	**1,278**	1,355
Cash and cash equivalents	**14,717**	10,005
Total	**65,537**	55,114

Credit risk mitigation

The ageing of trade receivables at the reporting date was:

	31 March 2025 £'000	31 March 2024 £'000
Not past due	**23,743**	20,046
Past due 0–30 days	**3,932**	4,788
Past due 31–90 days	**1,805**	1,867
Past due more than 90 days	**726**	949
Total	**30,206**	27,650
Movement in impairment allowance for trade receivables		
Balance at start of the year	**602**	363
Increase during the year	**539**	510
Receivable written off during the year as uncollectable	**(34)**	(107)
Reversal of allowances	**(568)**	(164)
Balance at end of the year	**539**	602

The Group prepared a forward-looking impairment model using a provision matrix based on historical data. Using this, the Group believes that an impairment allowance of £539,000 (2024: £602,000) is adequate in respect of trade receivables. Those debts which have not been provided against are considered recoverable by the Group. In accordance with IFRS 9, the expected credit loss (ECL) model was used to calculate the impairment loss.

The Group has considered whether any provision needs to be made for credit losses on contract assets, and concluded that there are none.

Cash flow risk

The Group is exposed to cash flow interest rate risk in two main respects: firstly, corporate and client bank deposits, which earn interest at a variable rate, although not at a material level; and secondly, interest expense arising on the Group's revolving credit facility at a margin over SONIA.

29 Financial instruments continued

Interest rate risk

The interest rate on the Group's revolving credit facility is a margin over SONIA and as such the Company is at risk from SONIA increases. The sensitivity of the interest rate risk has been assessed and it is not material.

Liquidity risk

Liquidity risk arises from the Group's working capital and the finance charges and principal repayments on its debt instruments. It is the risk the Group will encounter difficulty in meeting its financial obligations as they fall due.

The following table sets out the contractual maturities (representing undiscounted cash flows) of financial liabilities:

	Up to 3 months £'000	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**31 March 2025 £'000**
Trade and other payables	**30,137**	**—**	**—**	**—**	**—**	**30,137**
Leases	**965**	**2,526**	**3,145**	**5,909**	**4,956**	**17,501**
Loans and borrowings	**—**	**—**	**—**	**55,000**	**—**	**55,000**
Bank interest	**807**	**2,268**	**2,109**	**2,354**	**—**	**7,538**
	31,909	**4,794**	**5,254**	**63,263**	**4,956**	**110,176**

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	31 March 2024 £'000
Trade and other payables	23,172	—	—	—	—	23,172
Leases	555	1,604	1,888	4,321	1,952	10,320
Loans and borrowings	—	—	—	24,000	—	24,000
Bank interest	396	1,127	1,522	973	—	4,018
	24,123	2,731	3,410	29,294	1,952	61,510

The Group does not have any concerns over meeting its liabilities as they fall due, as the forecasts prepared indicate sufficient cash receipts in each period to cover liabilities.

Capital risk

The Group's objective when managing capital is to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern. Total capital is calculated as total equity in the statement of financial position.

Management of capital

	31 March 2025 £'000	31 March 2024 £'000
Total equity	**185,407**	185,854

30 Notes supporting statement of cash flows

Cash and cash equivalents for the purposes of the statement of cash flows comprise:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Cash at bank available on demand	**14,717**	10,005

31 Related party transactions

Key management emoluments during the year

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the Board of Directors.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Emoluments	**6,379**	4,509
Share-based payment	**1,340**	1,233
Company contributions to defined contribution pension plans	**30**	30
Social security costs	**783**	530
	8,532	6,302

Non-Executive emoluments during the year

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Emoluments	**500**	368
Social security costs	**61**	45
	561	413

32 Earnings per share

	31 March 2025 £'000	31 March 2024 £'000
Profit for the year	**30,343**	54,167

	31 March 2025 '000	31 March 2024 '000
Weighted average number of ordinary shares in issue	**206,453**	206,760
Diluted weighted average number of ordinary shares	**219,437**	219,621
Basic earnings per share (pence)	**14.7**	26.2
Diluted earnings per share (pence)	**13.8**	24.7

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The decrease compared to the prior year is largely due to the large gain on disposal in the year to 31 March 2024.

Reconciliation of weighted average ordinary shares in issue to diluted weighted average ordinary shares:

	Year ended 31 March 2025 '000	Year ended 31 March 2024 '000
Weighted average number of ordinary shares in issue	**206,453**	206,760
Dilutive impact of share options vested up to exercise date	**792**	940
Dilutive impact of PSP and SEP options not yet vested	**8,334**	9,226
Dilutive impact of dividend yield shares for PSP and SEP options	**1,125**	1,246
Dilutive impact of SAYE options not yet vested	**2,733**	1,449
Diluted weighted average number of ordinary shares	**219,437**	219,621

Share awards were made to the Executive Board members and key management personnel in each year since the year ending 31 March 2017; these are subject to certain conditions, and each tranche of awards vests three years after the award date. Dividend yield shares relating to these awards will also be awarded upon vesting of the main awards. Further shares have been issued under SAYE share schemes in the years ending 31 March 2023 and 2025; these will vest in the years ending 31 March 2026 and 2028 respectively. These shares are reflected in the diluted number of shares and diluted earnings per share calculations.

32 Earnings per share continued

Adjusted earnings per share

	31 March 2025 £'000	31 March 2024 £'000
Adjusted profit after tax	**45,112**	33,496
Adjusted earnings per share (pence)	**21.9**	16.2
Diluted adjusted earnings per share (pence)	**20.6**	15.3

The adjusted profit after tax is taken from the trading column of the income statement and excludes the impact of the exceptional and non-trading items disclosed in note 5.

33 Subsidiaries

The following are the wholly owned companies consolidated within the financial statements of XPS Pensions Group plc:

Company name	Company number	Principal activity	Registered address
XPS Financing Limited	08279274	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Consulting Limited	08287502	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB

The subsidiaries below are indirectly owned by other Group companies:

Company name	Company number	Principal activity	Registered address
XPS Reading Limited	08279362	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions Consulting Limited	02459442	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS SIPP Services Limited	SC069096	Employee benefit consultancy	Scotia House, Castle Business Park, Stirling, Stirlingshire FK9 4TZ
Xafinity Pensions Trustees Limited	01450089	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (AT) Services Limited	SC420031	Employee benefit consultancy	Scotia House, Castle Business Park, Stirling, Stirlingshire FK9 4TZ
Hazell Carr (SG) Services Limited	01867603	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (ES) Services Limited	02372343	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (PN) Services Limited	00236752	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (SA) Services Limited	SC086807	Dormant	Scotia House, Castle Business Park, Stirling, Stirlingshire FK9 4TZ
Xafinity Employee Benefit Trust 2013	N/A	Trust	JTC Trustees Limited, Elizabeth House, 9 Castle Street, St Helier, Jersey JE4 2QP
XPS Holdings Limited	04807951	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Administration Holdings Limited	09655671	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Administration Limited	09428346	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Investment Limited	06242672	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions Limited	03842603	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions (RL) Limited	05817049	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions (Trigon) Limited	12085392	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
MJF Pension Trustees Limited	03394648	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
MJF SSAS Trustees Limited	04089958	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Penfida Limited	08020393	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Polaris Actuaries and Consultants Ltd	09640309	Management consultancy activities	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB

33 Subsidiaries continued

Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the "Act") relating to the audit of individual accounts by virtue of Section 479A of the Act.

Company name	Company number
XPS Financing Limited	08279274
XPS Reading Limited	08279362
Hazell Carr (AT) Services Limited	SC420031
XPS Holdings Limited	04807951
XPS Administration Holdings Limited	09655671
XPS Pensions (RL) Limited	05817049
XPS Pensions (Trigon) Limited	12085392
Penfida Limited	08020393
Polaris Actuaries and Consultants Ltd	09640309

The Company will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended 31 March 2025 in accordance with Section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012. In addition, the Company will guarantee any contingent and prospective liabilities that these subsidiaries are subject to.

34 Dividends

Amounts recognised as distributions to equity holders of the Parent in the year

	31 March 2025 £'000	31 March 2024 £'000
Final dividend for the year ended 31 March 2024: 7.0p per share (2023: 5.7p per share)	**14,577**	11,825
Interim dividend for the year ended 31 March 2025: 3.7p (2024: 3.0p) per ordinary share was paid during the year	**7,608**	6,200
	22,185	18,025

The recommended final dividend payable in respect of the year ended 31 March 2025 is £17.0 million or 8.2p per share (2024: £14.6 million or 7.0p per share).

The proposed dividend has not been accrued as a liability as at 31 March 2025 as it is subject to approval at the Annual General Meeting.

	31 March 2025 £'000	31 March 2024 £'000
Proposed final dividend for year ended 31 March 2025	**16,961**	14,630

The Trustee of the Xafinity Employee Benefit Trust has waived its entitlement to dividends.

The Company statement of changes in equity shows that the Company has positive reserves of £183,236,000. Therefore, there are sufficient distributable reserves in XPS Pensions Group plc in order to pay the proposed final dividend.

35 Ultimate controlling party

The Directors do not consider that there is an ultimate controlling party.

Statement of financial position – Company

as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Assets			
Non-current assets			
Investments	5	**44,823**	38,478
Trade and other receivables	6	**268,654**	259,006
		313,477	297,484
Current assets			
Trade and other receivables	6	**1**	—
Cash and cash equivalents	7	**2**	1,623
		3	1,623
Total assets		**313,480**	299,107
Liabilities			
Non-current liabilities			
Trade and other payables	8	**46,666**	44,464
		46,666	44,464
Current liabilities			
Current tax liabilities	9	**4,592**	3,294
		4,592	3,294
Total liabilities		**51,258**	47,758
Net assets		**262,222**	251,349
Equity and liabilities			
Share capital	10	**104**	104
Share premium	11	**1,786**	1,786
Merger relief reserve	11	**48,687**	48,687
Investment in own shares	11	**(15,142)**	(2,925)
Other reserve	11	**43,551**	37,616
Retained profit	11	**183,236**	166,081
Total equity		**262,222**	251,349

The notes on pages 153 to 157 form part of these financial statements.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own statement of comprehensive income. The profit for the financial year of the holding company, as approved by the Board, was £44,970,000 (2024: £33,855,000).

These financial statements were approved by the Board of Directors on 18 June 2025 and were signed on its behalf by:

Snehal Shah
Chief Financial Officer
18 June 2025

Registered number: 08279139

Statement of changes in equity – Company

for the year ended 31 March 2025

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Investment in own shares £'000	Other reserve £'000	Retained profit £'000	Total £'000
Balance at 1 April 2023	104	1,786	48,687	(1,350)	32,969	154,270	236,466
Comprehensive income and total comprehensive income for the year	—	—	—	—	—	33,855	33,855
Contributions by and distributions to owners							
Shares purchased by Employee Benefit Trust for cash	—	—	—	(5,621)	—	—	(5,621)
Exercise of share options settled from the Employee Benefit Trust	—	—	—	4,046	—	(4,019)	27
Share-based payment expense – IFRS 2 charge in respect of long-term incentives	—	—	—	—	4,910	—	4,910
Deferred tax movement in respect of long-term incentives	—	—	—	—	(263)	—	(263)
Dividends paid	—	—	—	—	—	(18,025)	(18,025)
Total contributions by and distributions to owners	—	—	—	(1,575)	4,647	(22,044)	(18,972)
Balance at 31 March 2024	104	1,786	48,687	(2,925)	37,616	166,081	251,349
Balance at 1 April 2024	104	1,786	48,687	(2,925)	37,616	166,081	251,349
Comprehensive income and total comprehensive income for the year	—	—	—	—	—	44,970	44,970
Contributions by and distributions to owners							
Shares purchased by Employee Benefit Trust for cash	—	—	—	(18,715)	—	—	(18,715)
Exercise of share options settled from the Employee Benefit Trust	—	—	—	6,498	—	(5,630)	868
Share-based payment expense – IFRS 2 charge in respect of long-term incentives	—	—	—	—	5,946	—	5,946
Deferred tax movement in respect of long-term incentives	—	—	—	—	(11)	—	(11)
Dividends paid	—	—	—	—	—	(22,185)	(22,185)
Total contributions by and distributions to owners	—	—	—	(12,217)	5,935	(27,815)	(34,097)
Balance at 31 March 2025	**104**	**1,786**	**48,687**	**(15,142)**	**43,551**	**183,236**	**262,222**

The appropriate filing of accounts showing sufficient reserves to pay the £22,185,000 dividend was undertaken.

The notes on pages 153 to 157 form part of these financial statements.

Statement of cash flows – Company

for the year ended 31 March 2025

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Cash flows from operating activities		
Profit for the year	**44,970**	33,855
Adjustments for:		
Finance income	**(14,812)**	(15,876)
Finance costs	**2,842**	2,727
Income tax expense	**3,002**	3,294
Dividend income	**(36,000)**	(24,000)
	2	—
Increase in trade and other receivables	**(1)**	—
Net cash inflow from operating activities	**1**	—
Cash flows from investing activities		
Finance income received	**25**	17
Net cash inflow from investing activities	**25**	17
Cash flows from financing activities		
Purchase of ordinary shares by EBT	**(18,715)**	(5,621)
Loans with related parties	**17,068**	5,523
Net cash outflow from financing activities	**(1,647)**	(98)
Net decrease in cash and cash equivalents	**(1,621)**	(81)
Cash and cash equivalents at start of year	**1,623**	1,704
Cash and cash equivalents at end of year	**2**	1,623

The dividends are paid from a subsidiary company, as the Company itself does not hold a bank account. The EBT, which is aggregated into the Company results, holds a bank account and so a cash flow statement has been presented.

The notes on pages 153 to 157 form part of these financial statements.

1 Accounting policies

XPS Pensions Group plc (the "Company") is a public company incorporated in the UK. The principal activity of the Company is that of a holding company. The registered office is Phoenix House, 1 Station Hill, Reading RG1 1NB.

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The financial statements have been prepared under the going concern basis.

The preparation of financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical judgements or estimates to disclose.

Measurement convention

The financial statements are prepared on the historical cost basis.

Investments in subsidiaries

Investments in subsidiaries are carried at cost, plus capital contributions to the Group's subsidiary companies in respect of share-based payment charges, less any provisions for impairment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid and in the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit and loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Changes in accounting policies – New standards, interpretations, and amendments effective from 1 April 2024

New and amended standards and interpretations issued by the IASB that apply for the first time in these annual financial statements do not impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

New standards and interpretations adopted and not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for 2025, and therefore have not been applied in preparing XPS Pensions Group plc's financial statements. These standards, interpretations and amendments issued by the IASB (of which some are still subject to endorsement by the UK) but not yet effective are not expected to have a material impact on the Company's financial statements.

2 Financial risk management

The Company is a holding company and has limited exposure to financial risks. Details of the financial risks are contained in the Group accounts (note 2) and details of their application to the Company are included in Company note 13.

3 Capital risk management

The Company is a holding company and will apply the risk management policies of the Group contained in the Group's financial statements.

4 Staff numbers and costs

The Company had no employees other than Directors in the year to 31 March 2025 (2024: nil).

No Directors received remuneration for their services to the Company during the year. Directors were remunerated for their services to the Group by a subsidiary company. See Group accounts note 11 for more information.

Pension contributions of £nil (2024: £nil) were paid on behalf of the Directors in the Company.

5 Investments in subsidiaries

	£'000
At 31 March 2023	33,831
Capital contribution arising from share-based payments	4,647
At 31 March 2024	38,478
Capital contribution arising from share-based payments	5,934
Capital contribution	411
At 31 March 2025	**44,823**

Subsidiary	Ownership	Country of incorporation	Class of shares held	Principal activities	Registered address
XPS Financing Limited	100%	England and Wales	Ordinary	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Consulting Limited	100%	England and Wales	Ordinary	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB

During the year the Group structure was reorganised, which resulted in an additional capital contribution by XPS Pensions Group plc to its subsidiary.

All other subsidiaries disclosed in note 33 of the Group accounts are indirectly owned by other Group companies.

6 Trade and other receivables

	31 March 2025 £'000	31 March 2024 £'000
Receivables due from related parties	**268,654**	259,006
Other receivables	**1**	—
	268,655	259,006
Non-current receivable	**268,654**	259,006
Current receivable	**1**	—
	268,655	259,006

7 Cash and cash equivalents

	31 March 2025 £'000	31 March 2024 £'000
Cash and cash equivalents per statement of financial position	**2**	1,623
Cash and cash equivalents per statement of cash flows	**2**	1,623

8 Trade and other payables

	31 March 2025 £'000	31 March 2024 £'000
Payables due to related parties	**46,666**	44,464
Total trade and other payables	**46,666**	44,464

9 Current tax liabilities

	31 March 2025 £'000	31 March 2024 £'000
Corporation tax payable	**4,592**	3,294

10 Share capital

Details on the share capital of the Company are contained in the Group financial statements.

11 Reserves

Reserve	Description and purpose
Share premium:	Amount subscribed for share capital in excess of nominal value.
Other reserve:	The other reserve represents the amount in respect of the equity-settled awards made by the Employee Benefit Trust to subsidiary companies as instructed by the Company.
Merger relief reserve:	The merger relief reserve represents the difference between the fair value and nominal value of shares issued on the acquisition of subsidiary companies.
Investment in own shares:	Cost of own shares held by the EBT. See note 12 for more information.
Retained profit:	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

12 Investment in own shares

	31 March 2025 £'000	31 March 2024 £'000
Balance at 1 April	**2,925**	1,350
Acquired during the year	**18,715**	5,621
Utilised during the year	**(6,498)**	(4,046)
Balance at 31 March	**15,142**	2,925

Investment in own shares represents the cost of shares in the Company purchased in the market and held by the Employee Benefit Trust (EBT) to satisfy awards under the Group's employee share option plans (see note 12 to the Group's consolidated financial statements).

During the year, 5,923,045 (2024: 3,067,346) shares with a total value of £18,715,000 (2024: £5,621,000) have been purchased by the EBT. 2,734,656 (2024: 2,570,801) shares were used in the year to satisfy vested employee share options. The number of ordinary shares held by the EBT at 31 March 2025 was 4,701,149 (2024: 1,512,760).

13 Financial instruments

The fair values and the carrying values of financial assets are the same.

Credit risk

The maximum exposure to credit risk at the reporting date was:

	Carrying amount 31 March 2025 £'000	Carrying amount 31 March 2024 £'000
Receivables due from related parties	**268,654**	259,006
Other receivables	**1**	—
Total	**268,655**	259,006

Loans from related parties are repayable on demand. Credit risk for receivables due from related parties has not increased significantly since their initial recognition.

Liquidity risk

The Company does not have any significant liquidity risk, as its receivables and payables are all with related parties and so can control cash flows with intercompany trading partners to ensure liquidity.

Interest rate risk

The Company does not have any significant interest rate risk, as its receivables and payables are all with related parties. All intercompany receivable and payable balances incur interest income and expense at the same rate, which is determined by reference to the Group's borrowing rate on its revolving credit facility.

Capital risk management

As part of XPS Group, the Company is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Total capital for the Company comprises total equity.

The policy for managing capital is to increase shareholder value by maximising profits and cash. Budgets and forecasts are set in the short and medium term that the Company feels are achievable. The processes for managing capital are regular reviews of financial data to ensure that the Company is tracking the targets set and to reforecast as necessary based on the most up-to-date information. This then contributes to the Group's forecast which ensures future covenant test points are met. The Group continues to meet these test points and they have been achieved over the last 12 months. Further information can be found within the consolidated financial statements of XPS Pensions Group plc.

Management of capital	**31 March 2025 £'000**	31 March 2024 £'000
Total equity	**262,222**	251,349

14 Related party transactions

Amounts receivable from/(payable to) related parties at the balance sheet date

	31 March 2025 £'000	31 March 2024 £'000
Loans to related parties	**268,654**	259,006
Loans from related parties	**(46,666)**	(44,464)
Net loans to related parties	**221,988**	214,542

Movement in loans to related parties in the year are as follows:

	31 March 2025 £'000	31 March 2024 £'000
Interest income	**14,788**	15,860
Increase in loans to related parties	**(41,141)**	(24,515)
Intercompany dividend received	**36,000**	24,000
Total	**9,647**	15,345

Of the increase in loans to related parties, £17,070,000 (2024: £5,525,000) was cash funded to XPS Pensions Group plc. The rest of the movements were non-cash.

14 Related party transactions continued

Movement in loans from related parties in the year are as follows:

	31 March 2025 £'000	31 March 2024 £'000
Interest expense	**(2,781)**	(2,684)
Decrease/(increase) in loans from related parties	**579**	(523)
Total	**(2,202)**	(3,207)

All of the increases in loans from related parties in the current and the prior year were non-cash movements.

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured and are non-current as the entities to whom they are payable have forgone their right to payment for at least twelve months from the balance sheeet date. Loans accrue interest at a rate in line with the Group's bank borrowing rate. 6.15% was applied in the year (2024: 6.50%). All related parties are part of the XPS Group.

15 Ultimate controlling party

The Directors do not consider that there is an ultimate controlling party.

Company information

Registered office and Directors' address

Phoenix House
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RG1 1NB

Company Secretary

Sarah Rixon

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Financial adviser and broker

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Notes

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