NEWS RELEASE

Final results for the year ended 31 March 2025

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XPS Pensions Group PLC

19 June 2025

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XPS Pensions Group plc
("XPS" or the "Group")
Full year results for the year ended 31 March 2025 ("FY 2025")

Continuing to deliver on growth strategy

	Adjusted and excluding NPT(1)			**As reported**		
	FY 2025	**FY 2024**	**Change YoY**	**FY 2025**	**FY 2024**	**Change YoY**
Actuarial and Consulting	£106.1m	£93.4m	14%	£106.1m	£93.4m	14%
Investment Consulting	£19.4m	£20.3m	(4%)	£19.4m	£20.3m	(4%)
Total Advisory	£125.5m	£113.7m	10%	£125.5m	£113.7m	10%
Administration	£93.7m	£71.9m	30%	£93.7m	£71.9m	30%
SIP	£12.6m	£11.0m	15%	£12.6m	£11.0m	15%
Total Group Revenue (excl. NPT)	**£231.8m**	**£196.6m**	**18%**	**£231.8m**	**£196.6m**	**18%**
NPT(1)	-	-	-	-	£2.8m	(100%)

Total Group Revenue	**£231.8m**	**£196.6m**	**18%**	**£231.8m**	**£199.4m**	**16%**
EBITDA	£69.7m	£54.8m	27%	£58.0m	£79.8m	(27%)
Profit before tax(2)	£59.5m	£44.5m	34%	£40.8m	£62.5m	(35%)
Earnings per share	21.9p	10.3p	113%	14.7p	26.2p	(44%)
Fully Diluted EPS(1)	**20.6p**	**15.1p**	**36%**	**13.8p**	**24.7p**	**(44%)**
Net debt	**£40.3m**	**£14.0m**	**188%**	**£40.3m**	**£14.0m**	**188%**
Total dividends per share	11.9p	10.0p	19%	11.9p	10.0p	19%

(1) Adjusted measures exclude the impact of acquisition related amortisation, share based payments, exceptional costs and the fair value adjustment to contingent consideration. The prior year figures also exclude the results of the NPT business which was sold in November 2023.

(2) Statutory/as reported profit before tax includes the gain on disposal of the National Pensions Trust (NPT) business in FY 2024. The net gain on the disposal of the NPT business was £32.5 million.

STRONG FINANCIAL PERFORMANCE

- Revenue +18% excluding NPT (+17% organic), third consecutive year of double digit growth driven by continued strong client demand
- Adjusted EBITDA +27% with margin of 30.1% (FY 2024: 27.9%), benefitting from efficient use of technology such as Aurora and some one-off impact of higher margin project work
- Advisory revenues grew 10% with Actuarial and Consulting up 14% driven by continued growth in risk transfer and GMP projects whilst Investment Consulting revenues were down 4% as activity levels normalised having grown 46% over the previous two years
- Administration revenues grew 30% YoY with GMP, on boarding of new client wins and one-off McCloud remedy projects contributing to strong growth
- SIP revenues grew 15% with strong underlying sales
- Strong balance sheet supported by highly cash generative platform - operating cash-flow conversion of 96% (FY 2024: 104%)
- Net debt/adjusted EBITDA(1) of 0.57x at 31 March 2025 following Polaris acquisition (31 March 2024: 0.27x) well below target range of 1.0x - 1.5x
- Statutory profit before tax down 35% YoY. Excluding the impact of the NPT disposal in the prior year, profit before tax was up 36%
- Adjusted diluted EPS(1) up 36%
- Proposed final dividend of 8.2p resulting in total dividend per share of 11.9p up 19% YoY - reflecting progressive dividend policy and continued confidence in the Group's prospects

SUSTAINABLY DELIVERING ON OUR GROWTH STRATEGY:

- Good growth achieved in areas of prior investment, with our technology driven agility allowing for rapid response to market and regulatory change producing good outcomes for clients
- Successful delivery on the McCloud project in Administration, delivering 100% of member statements within our gift by the statutory deadline - further enhancing our reputation in the market
- Successful onboarding of the John Lewis Partnership pension scheme administration contract ahead of schedule
- Continued growth in the risk transfer market, including winning competitive mandates on multi billion-pound pension schemes
- Launch of new Radar functionality to support the "run on versus buyout" debate
- Transition to our proprietary administration platform Aurora on target and continues to drive success in winning new appointments, with SEI Master trust administration on track to go live in H1 FY26
- Profitable growth delivered sustainably, with high satisfaction scores from our employee survey and awarded

'Best Diversity, Equality and Inclusion (DEI) Initiative' at the UK Company Culture awards

- Similar high satisfaction in our client survey, with 97% of clients saying they enjoy working with us
- Strong brand, enhanced by further multiple industry awards - 'Actuarial/Pensions Consultancy of the Year', 'Sponsor Covenant / IRM Adviser of the Year' and 'Organisational Award: Award for Supporting Development'
- Established a new Insurance Consulting team with multiple senior hires, building on strong insurer relationships and completed the acquisition of Polaris Actuaries and Consultants Limited ('Polaris') on 28 February 2025 to expand our service offering and accelerate growth in the £1.5 billion+ insurance consultancy market

Paul Cuff, Co-CEO of XPS Pensions Group, commented:

"We are delighted that for the third year in a row we have achieved really strong growth and are reporting another excellent set of financial results.

There have been many highlights this year. Our clients have faced many challenges and opportunities, and we are proud of how well we have looked after them. In the public sector our work on McCloud was a huge challenge, but we rose to it and delivered successfully for the members of the schemes we administer. In this area we are very well placed to help others who have not yet completed their McCloud projects. In the private sector the backdrop is of seismic changes taking place as funding level improvements and regulatory changes create valuable options for our clients, who need good strategic advice about the best path for them to take. Our strong client survey results show that we're meeting their needs well too.

We have seen growth in other areas that we have been investing in, and in particular it has been good to see our risk transfer team go from strength to strength, advising on a number of the largest deals to come to the market this year.

Ben Bramhall, Co-CEO of XPS Pensions Group, commented:

"It has been exciting to welcome new colleagues to the Group with the acquisition of Polaris. The integration is progressing to plan, and we are pleased with a very positive response from clients and our people. XPS now has a strong capability to provide support to both pension schemes and insurance companies in the evolving world that both operate in.

More generally we are really proud of our people and our culture in particular the strong results of our employee survey and the external awards we have won in respect of our culture and approach to diversity & inclusion. Our culture is set by everyone at our firm, and we would like to thank all of our colleagues for what has been another brilliant year for XPS."

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 the Board's recently upgraded 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 Schemes 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.

-Ends-

For further information, contact:

XPS Pensions Group
Snehal Shah +44 (0)20 3978 8626
Chief Financial Officer

Canaccord Genuity (Joint Broker) +44 (0)20 7523 8000

Adam James

George Grainger

Deutsche Bank (Joint Broker) +44 (0)20 7260 1000

Stuart Skinner

Kevin Cruickshank

Media Enquiries:

Camarco

Gordon Poole +44 (0)20 3757 4980; **xps@camarco.co.uk**

Rosie Driscoll

Phoebe Pugh

Notes to Editors:

XPS Group is a leading consulting and administration business focused on UK pension schemes and insurers. XPS combines expertise, insight and technology to address the needs of over 1,300 pension schemes and their sponsoring employers on an ongoing and project basis, also providing advice and administration to UK insurance companies. We undertake pensions administration for c. 1.2 million members and provide advisory services to schemes and corporate sponsors in respect of schemes of all sizes, including 86 with assets over £1bn.

Forward Looking Statements

This announcement may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring after the date such statements are published.

Co-Chief Executives' review

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.

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, may be 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 pensions 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.

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 pensions 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.

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 the Board's recently upgraded 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 Schemes 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

FINANCIAL REVIEW

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 2 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 cashflow	**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 2.

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 2.

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 2 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	**31 March**

	2025 £m	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 2.

[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 3 (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).

Principal Risks and Uncertainties

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

Risk Management Framework

Our Risk Management Framework (RMF) 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 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.

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.

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.

<u>Update on principal risks</u>

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.

Regulatory and legislative non-compliance

Link to strategy	**Trend**
Regulatory change	Stable

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
Expand services Grow market share	Improving

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
Expand services	Stable

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.

Sensitive data breach

Link to strategy	Trend
Expand services	Stable

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
Expand services	Stable

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 ensure 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**
Regulatory change	Stable

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**
Expand services Growth market share Merger and acquisitions	Stable

Description

The financial information (BS, P&L, cashflow - 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.

Strategic opportunity or execution mismanagement

Link to strategy	**Trend**
Expand services Growth market share Merger and acquisitions	Stable

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 progresses, 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**
Expand services Growth market share Merger and acquisitions	Stable

Description

This risk focus 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-CEO's, 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.

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

Paul Cuff
Co-Chief Executive Officer

Ben Bramhall
Co-Chief Executive Officer

18 June 2025

18 June 2025

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2025

		Year ended 31 March 2025			Year ended 31 March 2024		
		Trading items	**Non-trading and exceptional items**	**Total**	Trading items	Non-trading and exceptional items	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	4	**231,785**	-	**231,785**	199,432	-	199,432
Other operating income		-	**988**	**988**	-	92	92
Operating expenses		**(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	5	**109**	-	**109**	50	-	50
Finance costs	5	**(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	6	**(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		**(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	8	**21.9**	-	**14.7**	16.2	-	26.2
Diluted earnings per share	8	**20.6**	-	**13.8**	15.3	-	24.7

Consolidated Statement of Financial Position

for the year ended 31 March 2025

	Note	**31 March 2025 £'000**	31 March 2024 £'000
Assets			
Non-current assets			
Property, plant and equipment		**5,278**	3,976
Right-of-use assets		**13,835**	8,892
Intangible assets		**222,998**	208,070
Other long-term receivable		**5,971**	-
		248,082	220,938
Current assets			
Trade and other receivables		**60,683**	50,922
Cash and cash equivalents		**14,717**	10,005
		75,400	60,927
Total assets		**323,482**	281,865
Liabilities			
Non-current liabilities			
Loans and borrowings	7	**54,021**	23,386
Lease liabilities		**12,038**	7,295
Provisions		**2,903**	1,802
Trade and other payables		**670**	-
Deferred tax liabilities		**16,138**	15,593
		85,770	48,076
Current liabilities			
Lease liabilities		**2,915**	1,872
Provisions		**2,700**	1,914
Trade and other payables		**46,456**	43,722
Current income tax liabilities		**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		**104**	104
Share premium		**1,786**	1,786
Merger relief reserve		**48,687**	48,687
Investment in own shares held in trust		**(15,142)**	(2,925)
Retained earnings		**149,972**	138,202
Total equity		**185,407**	185,854

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	Accumulated (deficit) / retained earnings £'000	Total equity £'000
Balance at 1 April 2023	104	1,786	48,687	(1,350)	100,057	149,284
Comprehensive income and total comprehensive income for the year	-	-	-	-	54,167	54,167
Contributions by and distributions to owners:						
Dividends paid (note 9)	-	-	-	-	(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 by the Employee Benefit Trust	-	-	-	4,046	(4,019)	27
Share-based payment expense - IFRS 2 charge	-	-	-	-	4,910	4,910
Deferred tax movement in respect of share-based payment expense	-	-	-	-	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
Comprehensive income and total comprehensive income for the year	-	-	-	-	30,343	30,343
Contributions by and distributions to owners:						
Dividends paid (note 9)	-	-	-	-	(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 by the Employee Benefit Trust	-	-	-	6,498	(5,630)	868
Share-based payment expense - IFRS 2 charge	-	-	-	-	5,946	5,946
Deferred tax movement in respect of share-based payment expense	-	-	-	-	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

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		**1,034**	892
Depreciation of right-of-use assets		**2,962**	2,887
Amortisation		**9,832**	9,061
Finance income	5	**(109)**	(50)
Finance costs	5	**3,541**	4,543
Gain on acquisition of business		**(988)**	-
Gain on sale of business		-	(34,639)
Loss on disposal of right-of-use assets		-	117
Share-based payment expense		**5,946**	4,910
Other operating income		-	(92)
Income tax expense	6	**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	5	**109**	50
Acquisition of subsidiary, net of cash acquired	3	**(13,774)**	(405)
Purchases of property, plant and equipment		**(2,101)**	(1,851)
Purchases of intangibles		**(6,089)**	(5,655)
Disposal of business		-	37,035
Net cash inflow/(outflow) 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		**(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 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		**14,717**	10,005

Selected notes to the Consolidated Financial Statements

for the year ended 31 March 2025

1 Accounting Basis

The financial information set out in this document does not constitute the Company's statutory accounts for the years ended 31 March 2025 or 31 March 2024. Statutory accounts for the year ended 31 March 2025, which were approved by the directors on 18 June 2025, and 31 March 2024 have been reported on by the Independent Auditors. The Independent Auditor's report on the Annual Report and Accounts for years ended 31 March 2025 and 31 March 2024 were unqualified, did not draw attention to a matter by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the year ended 31 March 2025 will be delivered to the Registrar of Companies in due course and will be posted to shareholders shortly, and thereafter will be available from the Company's registered office at Phoenix House, 1 Station Hill, Reading, RG1 1NB and from the Company's website **www.xpsgroup.com**. The statutory accounts for the year ended 31 March 2024 have been filed with the Registrar of Companies and are available from the Company's registered office and from the Company's website.

The financial information set out in these results has been prepared in accordance with UK adopted International Accounting Standards. The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 March 2024. New standards, amendments, and interpretations to existing standards effective for the first time for periods beginning on (or after) 1 April 2024, which have been adopted by the Group have not been listed, since they have no material impact on the financial statements.

2 Non-trading and exceptional items

	Year ended 31 March 2025			Year ended 31 March 2024		
	Total before tax	**Tax on adjusting items[8]**	**Adjusting items after taxation**	Total before tax	Tax on adjusting items[8]	Adjusting items after taxation
	£'000	**£'000**	**£'000**	£'000	£'000	£'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]	**(8,764)**	**2,184**	**(6,580)**	(6,376)	1,623	(4,753)
Amortisation of acquired intangibles[5]	**(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 relates 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 Limited 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 costs which are 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.

3 Business combinations during the period

On 28 February 2025, the Group acquired 100% of the share capital of Polaris Actuaries and Consultants Limited ("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 claw-back) 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 2).

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 claw-back 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 a non-trading 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.

4 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 20th November 2023 and so revenue in the year is up to that date.

5 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	**2,410**	3,629
Other costs of borrowing	**384**	542
Interest on leases	**634**	323
Other finance expense	**113**	49
Finance expenses	**3,541**	4,543

6 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)/expense		
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.

7 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)
Sub-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 Limited. The security is over all the assets of the companies which are obligors to the loans.

8 Earnings per share

	31 March 2025	31 March 2024
	£'000	£'000
Profit for the year	**30,343**	54,167
	'000	'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.

Adjusted earnings per share

	Total 31 March	Total 31 March
	2025	2024
	£'000	£'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

9 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.

END

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