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NEWS RELEASE
13 August 2024

# JUST GROUP PLC
# RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024
## CONSISTENTLY OUTPERFORMING OUR TARGETS

Just Group plc (the "Group", "Just") announces its results for the six months ended 30 June 2024.

**David Richardson, Group Chief Executive Officer, said:**

"We are delighted with the strong momentum in our business driven by the multiple opportunities available and structural growth in our chosen markets. Our DB and retail businesses both contributed to this excellent performance, reflecting our continuing investment in technology and talent.

We have never been more confident in our ability to deliver sustainable and compounding growth. We have a growth mindset and we've developed a winning formula - one which will ensure we fulfil our purpose, to help people achieve a better later life. This formula is delivering sustained growth in the value of the business.

Given the strong first half outcome, the positive market dynamics, and our forward-looking pipeline, we expect to substantially exceed previous 2024 guidance of doubling 2021's £211m operating profit in three years."

### Profitable and sustainable growth

- **Underlying operating profit[1] up 44% to £249m** (H1 23: £173m), driven by new business sales growth, higher recurring in-force profit and operational gearing.
- **Retirement Income sales[1] have grown by 30% to £2.5bn** (H1 23: £1.9bn). Pricing discipline and risk selection in buoyant markets have led to an **increased margin of 9.0%** (H1 23: 8.5%). These combined to drive a 38% increase in new business profits to £222m (H1 23: £161m).
- **Momentum remains strong as we enter the second half of 2024.** We forecast second half new business volumes to be similar to the excellent performance in the first half, albeit with slightly lower margins due to business mix. We expect the strong structural growth drivers of our markets to continue well into the future.

### Strong Solvency II and IFRS

- **Capital coverage ratio is a resilient and stable 196%[2]** (31 December 2023: 197%[2])**.** The interest rate sensitivity has further reduced together with a continued reduction in our exposure to residential property, as we increasingly diversify the investment portfolio.
- **New business strain[1] at 1.5%** (H1 23: 1.6%) is once again well inside our target of below 2.5% of premium. Cash generation before new business strain is broadly unchanged at £49m (H1 23: £48m). Our sustainable growth is driven by a low capital intensity new business model, further augmented by management actions and availability of surplus capital.
- **Adjusted profit before tax[1] was £267m** (H1 23: £246m), driven by strong growth in underlying operating profit and positive non-operating items. Of this £267m, £193m of profit is deferred to the CSM[3] , leaving an **IFRS profit before tax of £74m** (H1 23: £117m).

### Delivering shareholder value

- **Improved return on equity[1] to 15.6% (annualised) and tangible net assets per share[1] to 240p** (H1 23: 13.0% and 31 December 2023: 224p respectively). This is a rapidly growing store of long-term value.
- **Interim dividend of 0.7p per share – achieving 20% growth** and one third of the 2023 full year dividend, in line with stated policy**.**

**Notes**

1 Alternative performance measure ("APM") – In addition to statutory IFRS performance measures, the Group has presented a number of non-statutory alternative performance measures. The Board believes that the APMs used give a more representative view of the underlying performance of the Group. APMs are identified in the glossary at the end of this announcement and reconciled to IFRS measures in the Business Review and Segmental note.

2 The 30 June 2024 Solvency II capital coverage ratio includes a notional recalculation of TMTP, and is estimated. The 31 December 2023 Solvency II capital coverage ratio includes a formal recalculation of TMTP.

3 Contractual Service Margin.


**Enquiries**

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For those analysts who have registered, a presentation will take place today at 1 Angel Lane, London, EC4R 3AB, commencing at 09:30 am. The presentation will also be available via a live webcast.

| FINANCIAL CALENDAR | DATE |
|---|---|
| Ex-dividend date for interim dividend | 22 August 2024 |
| Record date for interim dividend | 23 August 2024 |
| Payment of interim dividend | 4 October 2024 |

A copy of this announcement, the presentation slides and the transcript will be available on the Group's website www.justgroupplc.co.uk.


**JUST GROUP PLC**

GROUP COMMUNICATIONS

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## CAUTIONARY STATEMENT AND FORWARD-LOOKING STATEMENTS

This announcement has been prepared for, and only for, the members of Just Group plc (the "Company") as a body, and for no other persons. The Company, its Directors, employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

By their nature, the statements concerning the risks and uncertainties facing the Company and its subsidiaries (the "Group") in this announcement involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. This announcement contains, and we may make other statements (verbal or otherwise) containing, forward-looking statements in relation to the current plans, goals and expectations of the Group relating to its or their future financial condition, performance, results, strategy and/or objectives (including, without limitation, climate-related plans and goals). Statements containing the words: 'believes', 'intends', 'expects', 'plans', 'seeks', 'targets', 'continues', 'future', 'outlook', 'potential' and 'anticipates' or other words of similar meaning are forward-looking (although their absence does not mean that a statement is not forward-looking). Forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, based on assumptions and assessments made by the Company in light of its experience and its perception of historical trends, current conditions, future developments and other factors which the Company believes are appropriate and relate to future events and depend on circumstances which may be or are beyond the Group's control. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, although the Group believes its expectations are based on reasonable assumptions, actual future gains and losses could differ materially from those that we have estimated. Other factors which could cause actual results to differ materially from those estimated by forward-looking statements include, but are not limited to: domestic and global political, economic and business conditions (such as the longer-term impact from the COVID-19 outbreak or the impact of other infectious diseases, climate change, the conflict in the Middle East, and the continuing situation in Ukraine); asset prices; market-related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of governmental and/or regulatory authorities including, for example, new government initiatives related to the provision of retirement benefits or the costs of social care or the transition to net-zero; the impact of inflation and deflation; market competition; failure to efficiently and effectively respond to climate change related risks and the transition to a net zero economy; changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates); risks associated with arrangements with third parties, including joint ventures and distribution partners and the timing, impact and other uncertainties associated with future acquisitions, disposals or other corporate activity undertaken by the Group and/or within relevant industries; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; default of counterparties; information technology or data security breaches including cybersecurity threats and the rapid pace of technological change; the impact of changes in capital, solvency or accounting standards; and tax and other legislation and regulations in the jurisdictions in which the Group operates (including changes in the regulatory capital requirements which the Company and its subsidiaries are subject to). As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements. The forward-looking statements only speak as at the date of this document and reflect knowledge and information available at the date of preparation of this announcement. The Group undertakes no obligation to update these forward-looking statements or any other forward-looking statement it may make (whether as a result of new information, future events or otherwise), except as may be required by law. Persons receiving this announcement should not place undue reliance on forward-looking statements. Past performance is not an indicator of future results. The results of the Company and the Group in this announcement may not be indicative, and are not an estimate, forecast or projection of, the Group's future results. Nothing in this announcement should be construed as a profit forecast.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

We have had another very strong six months and we are continually setting our sights higher, with increased confidence about what the Group can achieve over the long term.

Sales have grown by 30% to £2.5bn. DB and retail businesses both contributed to this excellent performance and both are operating in markets that are benefitting from long-term structural growth drivers. We are committed to compounding the growth in value of the business and over this reporting period we have increased the Group's tangible net asset value, by 16p to 240p per share.

## Defined Benefit De-risking business sales up 31%

Our DB business generated another record first half, growing sales by 31% to £1.9bn. We completed 55 transactions, which is a substantial increase from 35 completed in H1 23. Over the past 18 months we have written over one third, by number, of all DB transactions in the market, more than any other provider. We have used technology to meet growing market demand as appetite amongst pension scheme trustees grows to use insurance solutions to secure the long term future of members' pensions. Pension scheme de-risking is helping to support growth in the UK economy by enabling UK corporates to focus on growing their businesses and by investing the assets in productive finance.

Use of our bulk quotation and price monitoring service, ("Beacon"), continues to increase, and is now being used by all major employee benefit consultants ("EBC"). Beacon has the capacity to provide services to every DB pension scheme in the UK, and its powerful capability is helping to develop a vibrant market for schemes of all sizes, while generating a consistent flow of business for Just. As well as extending our leadership position in the smaller transaction size segment, we will also drive growth by securing larger transactions and have been actively quoting on deals in excess of £1bn.

## Retail business sales up 28%

After a very strong return to growth in 2023, I am delighted that our retail business has shown further excellent progress in H1 24, with sales up 28% to £0.6bn. Market demand has been strong as the appetite of advisers to lock-in security for their clients continues to grow. Strong consumer demand is also evidenced by the activity levels in our GIfL broking business, the largest in the UK. The number of advisers sourcing quotes from Just has increased over the last two years and continues to provide increased opportunities to utilise our medical underwriting intellectual property to select the most attractive risks.

## Our purpose and our customers

We help people achieve a better later life, that's our purpose and why we exist. We fulfil that purpose by delivering market-leading products and award-winning services to our customers. We provide people with a guaranteed income for life, which is often used to cover the essential expenditure of the household. We provide customers with peace of mind by establishing resilience in their household balance sheets. We can't resolve all the challenges faced by our customers, but we are helping where we are able to, and remain focused on living up to the purpose we set out many years ago.

## Sustainability

We are committed to a sustainable strategy that protects our communities and the planet we live on. The most material impact we can make to reduce carbon emissions is through the decisions we take with our £25bn investments portfolio which account for over 99% of our carbon footprint. Compared to our 2019 baseline, we have now reduced these emissions by 40%, a fantastic start on our journey to Net Zero. We are even closer to achieving our intermediate step of a 50% reduction in investment emissions, much earlier than the planned date of 2030. I was also delighted that in July the Financial Reporting Council announced that Just became a signatory of the UK Stewardship Code. This sets high stewardship standards for those investing money on behalf of UK savers and pensioners.

## Our people

We are harnessing the power of our highly talented, ambitious and engaged colleagues to deliver strong business growth and fulfil our purpose. Our focus is on ensuring we have the right capabilities for today and the future, delivering an exceptional colleague experience and enhancing the skills of our people managers. I would like to thank all my colleagues for their significant efforts in providing outstanding support for our customers – directly and indirectly - and delivering these excellent results. It's always a team effort and my colleagues make Just a brilliant place to work.

## Financial performance, underlying operating profits up 44%

In H1 24, underlying operating profit is up 44% to £249m, driven by strong new business performance, which has delivered a return on equity of 15.6% annualised. Investment and economic profits were £23m, and, when combined with a number of smaller non-operating items, led to an adjusted profit before tax of £267m for H1 24 (H1 23: adjusted profit before tax £246m). Our disciplined approach to risk selection means we can fund our growth ambitions from our own resources, maintain a strong buffer of capital and reward shareholders with a growing dividend. We will pay an interim dividend of 0.7 pence per share, in line with our stated policy, which represents 20% growth over last year's interim dividend.

## In conclusion

We are delighted with the strong momentum in our business driven by the multiple opportunities available and structural growth in our chosen markets. Our DB and retail businesses both contributed to this excellent performance, reflecting our continuing investment in technology and talent. We have never been more confident in our ability to deliver sustainable and compounding growth. We have a growth mindset and we've developed a winning formula - one which will ensure we fulfil our purpose, to help people achieve a better later life. This formula is delivering sustained growth in the value of the business.

**DAVID RICHARDSON**

Group Chief Executive Officer

# DELIVERING COMPOUNDING GROWTH

The Group is uniquely positioned in attractive markets with strong structural growth drivers. This enables us to maximise the opportunities available to us to benefit from the significant boost in demand for our products, now and into the future. We innovate, risk select and price with discipline, ensuring our business model delivers long-term value for customers and shareholders.

The Business Review presents the results of the Group for the six months ended 30 June 2024, including IFRS and Solvency II information.

The continued growth and success of the business is built on the foundation of our low capital intensity new business model, supported by a strong and resilient capital base. We remain focused on cost control across the business whilst specifically targeting investment in proposition development, and to enable the business to scale efficiently. We continue to diversify the asset portfolio by originating a wide variety of high quality illiquid assets to back the new business in line with our investment strategy.

## SALES

In the first six months of 2024, Retirement Income new business sales grew 30% to £2.5bn (H1 23: £1.9bn), driven by continued strong momentum in both the DB (up 31% to £1.9bn) and Retail (up 28% to £0.6bn) business segments.

Over the past two years, rising interest rates have accelerated the closure of, and in most cases eliminated, scheme funding gaps. During the first six months of 2024, we wrote a record amount of DB new business for a first half, up 31% to £1,874m from 55 transactions (H1 23: £1,429m from 35 transactions). This compares to 80 transactions for the whole of 2023, when Just wrote over one third of all transactions in the market. This translated into a c.20% market share by value of all transactions less than £1bn in size, within the total DB market. Heightened and consistent demand in the small and medium transaction size segments of the market (defined as less than £100m and £100m-£1bn respectively), has continued from 2023, with the strong momentum, combined with Just's strong pricing discipline, market insight and business mix driven by our streamlined bulk quotation service all contributing towards higher margins year on year.

The drivers behind this momentum remain and we expect a busy second half in 2024, and beyond, as we execute a pipeline of small, medium and larger transactions, while maintaining capital flexibility. We estimate that 15% of the £1.2tn DB market opportunity has transferred across to insurers thus far. In October 2023, LCP[1] forecast that c.£600bn of DB Buy-in/Buy-out transactions could transact over the decade to 2033, of which up to £360bn could transact over the next five years (2024 to 2028 inclusive). This compares to £180bn in the last five years.

Our GIfL business also had a very strong first half, as the market continues to benefit from higher long-term interest rates, which directly increase the customer rate on offer. This increases the attractiveness of a guaranteed income relative to other forms of retirement income. The customer rate can be further improved through bespoke medical underwriting, in which Just is a market leader. During the six months to 30 June 2024, we wrote £600m of GIfL new business, up 28% (H1 23: £470m), in a buoyant market that grew by even more. The introduction of the FCA's Consumer Duty and findings from the FCAs thematic review into retirement income advice, are leading to increased adviser conversations on the importance of considering guaranteed solutions to help customers achieve their objectives.

[1] LCP: "A seismic shift in buy-ins/outs: how is the market adapting?"- October 2023

## PROFIT

For the first six months of the year, underlying operating profit was £249m (H1 23: £173m), up 44%. Given the strong performance in the first half, for 2024 as a whole, we expect to substantially exceed previous guidance of doubling 2021's £211m operating profit in three years.

Continued momentum and strong demand for our products enabled us to write high volumes of new business at an efficient capital strain. Shareholder funded Retirement Income sales at £2,474m, were 30% higher (H1 23: £1,899m). New business profit was up 38% at £222m (H1 23: £161m), translating to a new business margin of 9.0% (H1 23: 8.5%) on shareholder funded premiums as buoyant markets in both of our business lines supported active risk selection, and we increasingly benefit from operational gearing and systems investment. Continued higher and more normalised interest rates during 2024 boosted the return on surplus assets, thereby increasing in-force operating profit, up 24%

to £114m (H1 23: £92m). Finance costs were unchanged at £33m, while development expenses at £10m (H1 23: £10m) reflect our continued investment in new systems.

In H1 2024 we delivered an adjusted profit before tax of £267m (H1 23: £246m), of which £222m (H1 23: £161m) relates to new business profits. Allowing for the deferral of profit into the CSM of £193m (H1 23: £129m), the IFRS profit before tax is £74m (H1 23: £117m). This reduction primarily reflects lower positive investment variances of £23m (H1 23: £71m) over the period.

### CAPITAL

The Group's estimated Solvency II capital position remains at a very robust and stable 196% (31 December 2023: 197%) as we benefited from continued positive organic capital generation and rising interest rates. Cash generation was broadly unchanged at £49m (H1 23: £48m), but from 2025 onwards is expected to grow in line with assets. Underlying organic capital generation ("UOCG") for the first six months of 2024 was £12m (H1 23: £18m), as we continue to invest in new business growth. Within this, the £37m capital strain from writing the increased level of new business was 1.5% of premium (H1 23: £30m and 1.6% of premium), well within our target of 2.5% of premium and in line with the average over the past four years. This low new business strain reflects continued strong pricing discipline, risk selection and our ability to originate increasing quantities of high-quality illiquid assets. Management actions and other items contributed a further £30m (H1 23 £(4)m), leading to £42m of organic capital generation (H1 23: £14m). In May, we paid a £16m shareholder dividend. We continue to closely monitor and prudently manage our risks, including interest rates, inflation, currency, residential property and credit. Through management actions, property and interest rate sensitivities remain much reduced compared to historical levels. The Solvency II sensitivities are set out further down the Business Review in the Capital Management section.

The 2023 Financial Services and Markets Act contains new powers to set the direction for financial services following the UK's exit from the European Union, including reforms to the Solvency II capital regime. As part of the proposed new Solvency UK regime, the Prudential Regulation Authority ("PRA") implemented the more straightforward items including risk margin for life insurance business at the end of 2023. Following a consultation paper on the matching adjustment ("MA") rules and the associated investment flexibility, this part of the reforms took effect at the end of June. The final stage of the reforms in relation to fundamental spread is expected to be implemented at the end of 2024. We expect these MA changes to support HM Treasury's expectations from the industry, whereby appropriate reforms could increase insurer investment by tens of billions of pounds in long-term finance to the broader economy, including infrastructure, decarbonisation, social housing and increased investment in science and technology.

### OUTLOOK

The outlook for the economy is positive, reflecting the expected trajectory of central bank rates, now that inflation has reduced towards target levels, while a new UK government received a strong mandate for the next five years. The 2022/23 interest rate increases led to a flat lining of the economy in 2023, followed by a gradual recovery during 2024. We expect these macro forces to have a negligible effect on the Group's business model, with the normalisation of long-term interest rates continuing to drive demand for our products. Sensitivities of our capital position to long-term interest rates is included further down the Business Review.

The Group is closely monitoring developments regarding restriction of ground rent for existing residential leases, which was included in the new government's manifesto, and any adverse impact this may have on the Group's £163m portfolio of residential ground rents. For further information on the Group's approach to reflecting the uncertainty associated with the Consultation in the valuation of residential ground rents see note 9.

We have a strong and resilient capital base, with a low-strain business model that is generating sufficient capital on an underlying basis to fund our ambitious growth plans, whilst also paying a shareholder dividend that is expected to grow over time.

## ALTERNATIVE PERFORMANCE MEASURES AND KEY PERFORMANCE INDICATORS

The Group uses a combination of alternative performance measures ("APMs") and IFRS statutory performance measures. The Board believes that the use of APMs gives a more representative view of the underlying performance of the Group.

The Directors have concluded that the principles used as a basis for the calculation of the APMs remain appropriate. Just Group has been growing strongly for a number of years and regards the writing of profitable new business contracts as a key objective for management. As a result, in management's view, the use of an alternative performance measure which includes the value of profits deferred for recognition in future periods is a more meaningful measure than IFRS profits under IFRS 17 which exclude the profits from new business sales.

Further information on our APMs can be found in the glossary, together with a reference to where the APM has been reconciled to the nearest statutory equivalent.

KPIs are regularly reviewed against the Group's strategic objectives, no changes have been made in H1 2024. The Group's KPIs are discussed in more detail on the following pages.

The Group's KPIs are shown below:

| | **Six months ended 30 June 2024** | Six months ended 30 June 2023 | 31 December 2023 | Change % |
|---|---|---|---|---|
| Retirement Income sales[1] | **£2,474m** | £1,899m | | 30 |
| New business profit[1] | **£222m** | £161m | | 38 |
| Underlying operating profit[1] | **£249m** | £173m | | 44 |
| IFRS profit before tax | **£74m** | £117m | | (37) |
| Return on equity[1] | **15.6%** | 13.0% | | +2.6pp |
| Tangible net asset value per share[1,3] | **240p** | | 224p | +16p |
| New business strain[1] (as % of premium) | **(1.5)%** | (1.6)% | | +0.1pp |
| New business strain[1] | **£37m** | £30m | | 23 |
| Underlying organic capital generation[1] | **£12m** | £18m | | (33) |
| Solvency II capital coverage ratio[2,3] | **196%** | | 197% | (1)pp |

1 Alternative performance measure, see glossary for definition.
2 The 30 June 2024 Solvency II capital coverage ratio includes a notional recalculation of TMTP, and is estimated. The 31 December 2023 Solvency II capital coverage ratio includes a formal recalculation of TMTP.
3 Balance sheet metrics include comparatives as at 31 December 2023.

## TANGIBLE NET ASSETS / RETURN ON EQUITY (UNDERLYING)

The return on equity in the six months to 30 June 2024 was 15.6% (H1 23: 13.0%), derived from annualised underlying operating profit after attributed tax of £187m (H1 23: £132m) on average adjusted tangible net assets of £2,400m (30 June 2023: £2,033m, 31 December 2023 £2,133m). Tangible net assets are reconciled to IFRS total equity as follows:

| | **30 June 2024 £m** | 31 December 2023 £m | 30 June 2023 £m |
|---|---|---|---|
| **IFRS total equity attributable to ordinary shareholders** | **908** | 883 | 850 |
| Less intangible assets | **(41)** | (41) | (45) |
| Tax on amortised intangible assets | **2** | 2 | 3 |
| Add back contractual service margin | **2,152** | 1,959 | 1,740 |
| Adjust for tax on contractual service margin | **(535)** | (488) | (432) |
| **Tangible net assets** | **2,486** | 2,315 | 2,116 |
| **Tangible net assets per share** | **240p** | 224p | 204p |
| **Return on equity % (underlying)** | **15.6%** | 13.5% | 13.0% |

## UNDERLYING OPERATING PROFIT

Underlying operating profit is the core performance metric on which we have based our profit growth target. Underlying operating profit captures the performance and running costs of the business including interest on the capital structure, but excludes operating experience and assumption changes, which by their nature are unpredictable and can vary substantially from period to period. For the first six months of 2024, underlying operating profit grew by 44% to £249m (H1 23: £173m), as we strongly outperformed on an annualised basis against our near-term 2024 target. We set the 15% per annum profit growth target from the 2021 baseline (£211m), and given the strong growth since then, and our expectations for the second half of 2024, we are confident of significantly outperforming a more than doubling of underlying operating profit in three years instead of five.

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Change % |
|---|---|---|---|
| New business profit | **222** | 161 | 38 |
| CSM amortisation | **(33)** | (29) | (14) |
| **Net underlying CSM increase** | **189** | 132 | 43 |
| In-force operating profit | **114** | 92 | 24 |
| Other Group companies' operating results | **(11)** | (8) | (38) |
| Development expenditure | **(10)** | (10) | - |
| Finance costs | **(33)** | (33) | - |
| **Underlying operating profit[1]** | **249** | 173 | 44 |

1 See reconciliation to IFRS profit before tax further in this Business Review.

### NEW BUSINESS PROFIT

New business profit increased during the six months to £222m (H1 23: £161m) driven by 30% increase in Retirement Income sales to £2.5bn (H1 23: £1.9bn). The strong momentum from 2023 continued into the first half of 2024 as we continued to focus on risk selection, which combined with strong pricing discipline, market insight and our streamlined bulk quotation service all contributed towards higher new business margin, which rose to 9.0% (H1 23: 8.5%). We are also increasingly benefiting from scale and strong cost control leading to operating leverage.

### CSM AMORTISATION

CSM amortisation represents the release from the CSM reserve into profit as services are provided, net of accretion (unwind of discount) on the CSM reserve balance (see below). £33m of net CSM amortisation (H1 23: £29m) represents a £75m release of CSM into profit, offset by £42m of interest accreted to the CSM.

The £75m CSM release into profit (H1 23: £56m) represents an annualised 6.7% (H1 23: 6.2%) of the CSM balance immediately prior to release. The increase during the period represents growth in the CSM reserve from an additional year of new business profit, and the longevity assumption change at 31 December 2023 which was also deferred to the CSM reserve.

Accretion on the CSM balance amounted to £42m (H1 23: £27m), which represents an annualised 3.8% (H1 23: 3.1%) of the opening plus new business CSM balance. CSM accretion is calculated using locked-in discount rates. The increase during the period reflects the higher interest rates applicable on the forward rates locked in curve at transition on 31 December 2021 for the new business written pre-2021 as well as higher interest rates applicable to the new business written since the end of 2021. The higher accretion is also due to the increase in CSM balance following the longevity and other assumption changes over the past two years.

### NET UNDERLYING CSM INCREASE

This represents the net underlying increase of profit deferral to CSM during the year before any transfers to CSM in respect of operating experience and assumption changes recognised in the current year. The new business profit deferred to CSM (£222m) to CSM in-force release (£75m) multiple of 3 times reflects a healthy level of replacement profit, and demonstrates the value of new business written during the year relative to the CSM release from existing business. This strong growth dynamic increases the CSM store of value, which predictably releases into the recurring in-force profit in future years.

### IN-FORCE OPERATING PROFIT

In-force operating profit represents investment returns earned on surplus assets, the release of allowances for credit default, CSM amortisation, release of risk adjustment allowance for non-financial risk and other. Taken together, these are the key elements of the IFRS 17 basis operating profit from insurance activities.

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Change % |
|---|---|---|---|
| Investment return earned on surplus assets | **64** | 45 | 42 |
| Release of allowances for credit default | **15** | 14 | 7 |
| CSM amortisation | **33** | 29 | 14 |
| Release of risk adjustment for non-financial risk / Other | **2** | 4 | (50) |
| **In-force operating profit** | **114** | 92 | 24 |

The in-force operating profit increased by 24% to £114m (H1 23: £92m), driven by a significant increase in investment return, as a result of higher interest rates, on a greater amount of surplus assets. The higher release of allowance for credit default reflects the growth in the investment portfolio that backs the insurance guarantees we provide to our customers. CSM amortisation, reflects growth in the CSM release offset by the higher accretion as noted earlier.

### OTHER GROUP COMPANIES' OPERATING RESULTS

The operating result for Other Group companies was a loss of £11m in the six months ended 30 June 2024 (H1 23: loss of £8m). These costs arise from the holding company, Just Group plc, and the HUB group of businesses. The increase in losses was driven by upfront investment in various proposition and other development initiatives.

### DEVELOPMENT EXPENDITURE

Development expenditure of £10m for the six months ended 30 June 2024 (H1 23: £10m), relates mainly to investment in systems capability, in addition to various business line and functional transformation.

## FINANCE COSTS

Finance costs were unchanged at £33m for the six months ended 30 June 2024 (H1 23: £33m). These include the coupon on the Group's Restricted Tier 1 notes, as well as the interest payable on the Group's Tier 2 and Tier 3 notes.

In 2022, the Group entered into a new £300m revolving credit facility. Reflecting growth in the balance sheet and our ambitious growth plans for the future, in June 2024, we exercised our ability to further increase the facility to £400m, while extending it to June 2027. The facility has not been drawn upon.

On a statutory IFRS basis, the Restricted Tier 1 coupon is accounted for as a distribution of capital, consistent with the classification of the Restricted Tier 1 notes as equity, but the coupon is included as a finance cost on an underlying and adjusted operating profit basis.

## RETIREMENT INCOME SALES

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Change % |
|---|---|---|---|
| Defined Benefit De-risking Solutions ("DB") | **1,874** | 1,429 | 31 |
| Guaranteed Income for Life Solutions ("GIfL") [1] | **600** | 470 | 28 |
| **Retirement Income sales (shareholder funded)** | **2,474** | 1,899 | 30 |
| DB Partner (funded reinsurance) | **-** | - | - |
| **Total Retirement Income sales** | **2,474** | 1,899 | 30 |

1 GIfL includes UK GIfL, South Africa GIfL and Care Plans.

The structural drivers and trends in our markets underpin our confidence that we can continue to deliver attractive returns and growth rates over the long-term. We are extremely well positioned to take advantage of the growth opportunities available in both of our chosen markets. Over the past two years, rising interest rates have accelerated the closure of, and in most cases eliminated, scheme funding gaps. Therefore, more schemes are able to begin the process to be "transaction ready", accelerating business into our short/medium-term pipeline that previously would have been expected to transact in the second half of the decade. The retail GIfL market is also buoyant, driven by the customer rate available and advisers shopping around in the Open market. The level of long-term interest rates directly influences the customer rate we can offer, with higher rates persisting thus far in 2024, further augmented by individual medical underwriting. This increases the value of the guarantee to customers, making the product more attractive relative to other forms of retirement income. We will take advantage of this very strong market backdrop through our low-strain new business model, which enables us to fund our ambitious growth plans through cash generation. When combined with our proven ability to originate high-quality illiquid assets, shareholder capital invested in new business adds substantially to increasing the existing shareholder value.

Shareholder funded DB sales at £1,874m (H1 23: £1,429m) were up 31%, as strong momentum in our business continued. In total, we completed 55 deals, of which 50 were below £100m in transaction size. This compares to 80 transactions completed in 2023, which represented over one third of all transactions in the market that year. We maintained our leadership position in the less than £100m transaction size segment, writing £1.0bn of business from this segment during the period. In 2023, our positioning resulted in a c.20% market share by value in the up to £1bn transaction size part of the market, a doubling over the past three years. In addition to expected growth in the up to £1bn transaction size part of the market, we are actively quoting in the large deal transaction size segment (£1bn plus). Our proprietary bulk quotation service, ("Beacon"), continues to grow in popularity with hundreds of DB schemes now onboarded. Demonstrating the multiple benefits of the service, 17 EBCs (Employee benefit consultants) completed a transaction during the period, reflecting its universal adoption across the industry. Beacon provides access to the DB market for trustees, accelerates transaction flow for EBCs by providing a streamlined process and provides a steady source of completions for Just. Recent examples include a £0.8m DB transaction with a charity whose main focus includes challenging inequality and enabling social mobility, and a £8m scheme that had been price monitored since 2021, before interest rates rose. We continue to develop the service and have invested to allow us to significantly increase onboarding capacity. As part of our proposition to EBCs, trustees, and scheme sponsors, we are always available to quote for any credible transaction, as evidenced from our consistently high activity levels.

GIfL sales were up 28% to £600m (H1 23: £470m). This strong foundation from the first half, together with continued market strength in the second half enables us to utilise our market leading medical underwriting to risk select more profitable and niche segments of a larger individual annuity market. These market dynamics, together with operational gearing due to tight cost control contributed towards the strong margin performance.

Due to the higher customer rate now on offer, we expect that advisers and customers will re-examine the role of guaranteed income in retirement. The introduction of the FCA's Consumer Duty in July 2023 and the findings from the FCA's thematic review into retirement income advice published in March 2024 are likely to increase the importance of considering guaranteed solutions to help customers achieve their objectives.

In recognition of our consistent level of customer service and excellence, in November, at the FT Financial Adviser Service Awards ("FASA"), Just won its 19th consecutive five star in the Pensions and Protection Providers category, five stars for the 14th time in the Mortgage Providers category, and were awarded Outstanding Achievement of the Year, due to our overall scores and ratings. This consistently high level of service was achieved even as business volumes grew strongly in 2023, and is a testament to the dedication from the customer service and business development teams.

## RECONCILIATION OF UNDERLYING OPERATING PROFIT TO IFRS PROFIT BEFORE TAX

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m |
|---|---|---|
| **Underlying operating profit[1]** | **249** | 173 |
| Operating experience and assumption changes | **(3)** | 1 |
| **Adjusted operating profit before tax[1]** | **246** | 174 |
| Investment and economic movements | **23** | 71 |
| Strategic expenditure | **(13)** | (7) |
| Adjustment for transactions reported directly in equity in IFRS | **11** | 8 |
| **Adjusted profit before tax[1]** | **267** | 246 |
| Deferral of profit in CSM | **(193)** | (129) |
| **Profit before tax** | **74** | 117 |

1 Alternative performance measure, see glossary for definition.

## INVESTMENT AND ECONOMIC MOVEMENTS

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m |
|---|---|---|
| Change in interest rates | **13** | (6) |
| Narrower/(Wider) credit spreads | **-** | 7 |
| Property growth experience | **1** | 38 |
| Other | **9** | 32 |
| **Investment and economic movements** | **23** | 71 |

Investment and economic movements for the six months ended 30 June 2024 were positive at £23m (H1 23: £71m). Movements in risk free rates have had a relatively small effect due to the revised hedging strategy that was implemented in the latter part of 2022 and across 2023. This includes the purchase of £3.3bn (H1 24 £0.8bn, 2023 £2.5bn) of long dated gilts held at amortised cost under IFRS. This approach has almost eliminated the IFRS exposure whilst also containing our Solvency II sensitivity to future interest rate movements (see estimated Group Solvency II sensitivities below).

Credit spread movement had a £nil effect (H1 23: credit spreads narrowed leading to a positive movement of £7m). The LTM portfolio property growth performed in line with the 3.3% annual long-term property growth assumption (2023: 3.3% annual property growth assumption). Other includes positives from corporate bond default experience and investment return on surplus assets being above our assumption.

1 See note 12 for interest rate sensitivities, with a 100 bps increase in interest rates resulting in an increase in pretax profit of £14m and a 100 bps decrease in interest rates resulting in a decrease in pretax profit of £(19)m.

## STRATEGIC EXPENDITURE

Strategic expenditure was £13m for the six months ended 30 June 2024 (H1 23: £7m). This included increased investment to scale and bring to market various retail related propositions, corporate project costs, costs in relation to the implementation of Consumer Duty, Solvency UK reforms and preparations for an internal model update.

## UNDERLYING EARNINGS PER SHARE

Underlying EPS (based on underlying operating profit after attributed tax) has increased to 18.0 pence for the six months ended 30 June 2024 (H1 23: 12.9 pence).

| | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| **Underlying operating profit (£m)** | **249** | 173 |
| Attributable tax (£m) | **(62)** | (41) |
| **Underlying operating profit after attributable tax (£m)** | **187** | 132 |
| Weighted average number of shares (million) | **1,035** | 1,029 |
| **Underlying EPS[1] (pence)** | **18.0** | 12.9 |

1 Alternative performance measure, see glossary for definition.

## EARNINGS PER SHARE

Earnings per share (based on net profit after tax, see note 6) has decreased to 4.6 pence for the six months ended 30 June 2024 (H1 23: 7.3 pence). This includes any operating experience and assumption changes, the non-operating items and deferral of profit to the CSM reserve, and reflects the IFRS 17 statutory profit.

| | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| **Profit before tax (£m)** | **74** | 117 |
| Attributable tax (£m) | **(20)** | (36) |
| Non-controlling interest | **-** | 1 |
| **Profit attributable to equity holders of Just Group Plc** | **54** | 82 |
| Coupon payments in respect of Tier 1 notes (net of tax) | **(6)** | (6) |
| **Earnings (£m)** | **48** | 76 |
| Weighted average number of shares (million) | **1,035** | 1,029 |
| **EPS (pence)** | **4.6** | 7.3 |

## CAPITAL MANAGEMENT

The Group's capital coverage ratio was estimated to be 196% at 30 June 2024, including a notional recalculation of transitional measures on technical provisions ("TMTP") (31 December 2023: 197% including a formal recalculation of TMTP). The Solvency II capital coverage ratio is a key metric and is considered to be one of the Group's KPIs.

| | **30 June 2024[1] £m** | 31 December 2023[2] £m |
|---|---|---|
| Own funds | **3,040** | 3,104 |
| Solvency Capital Requirement | **(1,552)** | (1,577) |
| **Excess own funds** | **1,488** | 1,527 |
| **Solvency coverage ratio[1]** | **196%** | 197% |

1 Solvency II capital coverage ratios as at 30 June 2024 includes a notional recalculation of TMTP and 31 December 2023 includes a formal recalculation of TMTP.
2 This is the reported regulatory position as included in the Group's Solvency and Financial Condition Report as at 31 December 2023.

The Group has approval to apply the matching adjustment and TMTP in its calculation of technical provisions and uses a combination of an internal model and the standard formula to calculate its Group Solvency Capital Requirement ("SCR").

In July 2024, the Group received approval to expand the scope of its revised internal model, and apply it to include the Partnership business from 30 September 2024.

## MOVEMENT IN EXCESS OWN FUNDS[1]

The business is delivering sufficient cash generation, which augmented with management actions, supports the deployment of capital to capture the significant growth opportunity available in our chosen markets, provide returns to our capital providers and further investment in the strategic growth of the business.

The table below analyses the movement in excess own funds, in the six months to 30 June 2024.

| | **At 30 June 2024 £m** | At 30 June 2023 £m |
|---|---|---|
| Excess own funds at 1 January | **1,527** | 1,370 |
| **Operating** | | |
| In-force surplus net of TMTP amortisation | **85** | 84 |
| Financing costs | **(24)** | (24) |
| Group and other costs | **(12)** | (12) |
| **Cash generation** | **49** | 48 |
| New business strain[2] | **(37)** | (30) |
| **Underlying organic capital generation** | **12** | 18 |
| Management actions and other items | **30** | (4) |
| **Total organic capital generation[3]** | **42** | 14 |
| **Non-operating** | | |
| Strategic expenditure | **(10)** | (5) |
| Dividends | **(16)** | (13) |
| Economic movements | **(55)** | 9 |
| **Excess own funds** | **1,488** | 1,375 |

1 All figures are net of tax and include a notional recalculation of TMTP where applicable.
2 New business strain calculated based on pricing assumptions.
3 Organic capital generation includes surplus from in-force, new business strain, overrun and other expenses, interest and other operating items. It excludes economic variances, regulatory changes, dividends and capital issuance.

## UNDERLYING ORGANIC CAPITAL GENERATION AND NEW BUSINESS STRAIN

In the first six months of 2024, we have delivered £12m of underlying organic capital generation (H1 23: £18m), with the reduction driven by the increase in new business strain as we wrote materially higher shareholder backed new business volumes year on year. Management actions and other items increased the capital surplus by £30m (H1 23: £(4)m). This led to a total of £42m from organic capital generation (H1 23: £14m).

The Group is focused on sustainable growth, whereby the various costs of the business including TMTP amortisation, finance and other costs, and new business strain is funded through the capital generation from the existing in-force book. The Group continues to maximise the growth opportunities available to increase shareholder value. In the first six months of 2024, due to writing £2.5bn of new business (H1 23: £1.9bn), new business strain increased to £37m (H1 23: £30m), which represents 1.5% of new business premium (H1 23: 1.6% of premium), well within our target of below 2.5% of premium. This is due to a continued combination of focused risk selection, pricing discipline, operational gearing and originating sufficient quantities of high-quality illiquid assets. This continued outperformance is further driven by our market insight, leading to an origination strategy focussed on business mix within the DB and GIfL units. Cash generation was broadly unchanged at £49m (H1 23: £48m), but is expected to grow in line with assets growth from 2025 onwards.

In-force surplus after TMTP amortisation was £85m, as growth in assets was offset by lower release from the risk margin reserve. The Solvency UK reforms lead to a welcomed c.60% reduction in risk margin balance, which boosted the surplus by an upfront £107m in 2023, however, that prudent margin is no longer available to release annually into future capital generation. Group and other costs including development and non-life costs were £12m (H1 23: £12m), reflecting the non-insurance subsidiaries and systems investments mentioned previously. Finance costs at £24m were unchanged.

## NON-OPERATING ITEMS

Economic movements summed to a £55m reduction in the capital surplus. The effect to the surplus from the increase in long term interest rates at the end of the six-month period was £(45)m, but as the SCR fell more relative to the Own Funds, it resulted in a 4 percentage point increase in the capital coverage ratio. Property price growth at 1.5% for the first six months of 2024 (compared to our annual 3.3% long-term growth assumption) led to a minimal £4m decrease in capital surplus, while various economic and timing variances lead to a £6m decrease in capital surplus.

Payment of the 2023 final dividend in May cost £16m, while strategic expenses reduced the capital surplus by a further £10m.

There were no capital restrictions in the 30 June 2024 capital position.

## ESTIMATED GROUP SOLVENCY II SENSITIVITIES[1,5]

The property sensitivity has remained stable at 10% (31 December 2023: 10%). We expect that a reduced LTM backing ratio on new business will contain the Solvency II sensitivity to house prices at or below this level over time. The credit quality step downgrade sensitivity has slightly reduced due to credit spreads narrowing during the period, which decreases the cost of trading the 10% of our credit portfolio[3] assumed to be downgraded back to their original credit rating.

Sensitivities to economic and other key metrics are shown in the table below.

| | At 30 June 2024 | |
|---|---|---|
| | CCR % | Excess own funds £m |
| **Solvency coverage ratio/excess own funds at 30 June 2024[2]** | **196** | **1,488** |
| -50bps fall in interest rates (with TMTP recalculation) | **(4)** | **55** |
| +50bps increase in interest rates (with TMTP recalculation) | **4** | **(52)** |
| +100bps credit spreads (with TMTP recalculation) | **12** | **110** |
| Credit quality step downgrade[3] | **(6)** | **(91)** |
| -10% property values (with TMTP recalculation)[4] | **(10)** | **(131)** |
| -5% mortality | **(10)** | **(144)** |

1 In all sensitivities the Effective Value Test ("EVT") deferment rate is allowed to change subject to the minimum deferment rate floor of 3.0% as at 30 June 2024 except for the property sensitivity where the deferment rate is maintained at the level consistent with base balance sheet.
2 Sensitivities are applied to the reported capital position which includes a notional TMTP recalculation.
3 Credit migration stress covers the cost of an immediate big letter downgrade (e.g. AAA to AA or A to BBB) on 10% of all assets where the capital treatment depends on a credit rating (including corporate bonds, long income real estate/income strips; but lifetime mortgage senior notes are excluded). Downgraded assets are assumed to be traded to their original credit rating, so the impact is primarily a reduction in Own Funds from the loss of value on downgrade. The impact of the sensitivity will depend upon the market levels of spreads at the balance sheet. In addition, for residential ground rents, the Group has identified that the impact of downgrading the entire portfolio to BBB would reduce Excess own funds (the capital surplus) by £22m and CCR% by two percentage points.
4 After application of NNEG hedges.
5 The results do not include the impact of capital tiering restriction, if applicable.

## RECONCILIATION OF IFRS EQUITY TO SOLVENCY II OWN FUNDS

| | 30 June 2024 £m | 31 December 2023 £m |
|---|---|---|
| **IFRS net equity** | **1,230** | 1,203 |
| CSM | **2,152** | 1,959 |
| Goodwill | **(34)** | (34) |
| Intangibles | **(7)** | (7) |
| Solvency II risk margin | **(191)** | (196) |
| Solvency II TMTP[1] | **548** | 637 |
| Other valuation differences and impact on deferred tax | **(1,251)** | (1,059) |
| Ineligible items | **(2)** | (5) |
| Subordinated debt | **613** | 619 |
| Group adjustments | **(18)** | (13) |
| **Solvency II own funds[1]** | **3,040** | 3,104 |
| **Solvency II SCR[1]** | **(1,552)** | (1,577) |
| **Solvency II excess own funds[1]** | **1,488** | 1,527 |

1 Solvency II capital coverage ratios as at 30 June 2024 include a notional recalculation of TMTP and 31 December 2023 includes a formal recalculation of TMTP.

## RECONCILIATION FROM OPERATING PROFIT TO IFRS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The table below presents the reconciliation from the Group's APM income statement view to the IFRS statement of comprehensive income for the Group.

**Six months ending 30 June 2024**

| Alternative profit measure format | Reported £m | Quote date difference £m | CSM deferral £m | Adjusted total £m | Statutory accounts format: Insurance service result £m | Net investment result £m | Other finance costs £m | Other income, expenses and associates £m | PBT £m |
|---|---|---|---|---|---|---|---|---|---|
| New business profit | 222 | 4 | (226) | – | | | | | |
| CSM amortisation | (33) | | 33 | – | | | | | |
| **Net underlying CSM increase** | 189 | 4 | (193) | – | | | | | |
| **In-force operating profit:** | | | | | | | | | |
| Investment return earned on surplus assets | 64 | | | **64** | | 64 | | | **64** |
| Release of allowances for credit default | 15 | | | **15** | | 15 | | | **15** |
| CSM amortisation | 33 | | | **33** | 75 | (42) | | | **33** |
| Release of risk adjustment for non-financial risk | 2 | | | **2** | 2 | | | | **2** |
| | | | | | | | | | |
| Other Group companies' operating results | (11) | | | **(11)** | | | | (11) | **(11)** |
| Development expenditure | (10) | | | **(10)** | | | | (10) | **(10)** |
| Finance costs | (33) | | | **(33)** | | | (33) | | **(33)** |
| **Underlying operating profit** | 249 | 4 | (193) | **60** | | | | | |
| Operating experience and assumption changes | (3) | | - | **(3)** | (6) | 3 | | | **(3)** |
| **Adjusted operating profit before tax** | 246 | 4 | (193) | **57** | | | | | |
| Investment and economic movements | 23 | (4) | | **19** | | 94 | (70) | (5) | **19** |
| Strategic expenditure | (13) | | | **(13)** | | | | (13) | **(13)** |
| Adjustment for transactions reported directly in equity in IFRS | 11 | | | **11** | | | 11 | | **11** |
| **Adjusted profit before tax** | 267 | | (193) | **74** | | | | | |
| Deferral of profit in CSM | (193) | | 193 | – | | | | | |
| **Profit before tax** | 74 | | | **74** | 71 | 134 | (92) | (39) | **74** |

The rows and first numeric column of this table present the alternative profit measure (APM) format as presented in the Underlying operating profit section and Reconciliation of Underlying operating profit to IFRS profit before tax section of this review.

The Quote date difference adjustment is made because Just bases its assessment of new business profitability for management purposes on the economic parameters prevailing at the quote date of the business instead of completion dates as required by IFRS 17 (see new business profit reconciliation in the additional information section towards the end of this announcement).

The CSM deferral column presents how elements of the APM basis result are deferred in the CSM reserve held on the IFRS balance sheet consistent with the table in the Deferral of profit in CSM section of this review. Under IFRS 17, new business profits and the impact of changes to estimates of future cash flows are deferred in the CSM reserve for release over the life of contracts.

The adjusted total column is then transposed in the columns on the right-hand side into the IFRS statutory accounts Condensed consolidated statement of comprehensive income format. Figures are presented on a net of reinsurance basis.

Investment return on surplus assets, including the Group's amortised cost portfolio of gilts, and Release of allowance for credit default are recognised within the IFRS Net investment result. CSM amortisation includes recognition of services provided within IFRS Insurance service result and the unwind of discounting in the IFRS Net investment result.

The Insurance service result of £71m (H1 23: £54m) represents the excess of insurance revenue over insurance service expenses, with the increase attributable to a higher release from CSM reserve as an additional year of new business is added.

The Net investment result of £134m (H1 23: £143m) represents the difference between the total investment return and the finance charge in respect of insurance reserves attributable to unwinding of discounting and changes in discount rates. This net profit is attributable to the return on surplus funds, the emergence of credit default margins, and the effects of investment and economic movements.

Other finance costs of £92m (H1 23: £39m) represent the costs of servicing tier 2 and tier 3 debt and repurchase agreements in connection with the amortised cost gilt portfolio. Other income, expenses and associates of £39m loss (H1 23: £41m loss) represent the results from the Group's non-insurance businesses and expenses not attributed to insurance contracts in force.

## HIGHLIGHTS FROM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The table below presents selected items from the Condensed consolidated statement of financial position. The information below is extracted from the statutory consolidated statement of financial position.

| | 30 June 2024 £m | 31 December 2023 £m |
|---|---|---|
| **Assets** | | |
| Financial investments | **31,029** | 29,423 |
| Reinsurance contract assets | **1,108** | 1,143 |
| Cash available on demand | **570** | 546 |
| Other assets | **680** | 726 |
| **Total assets** | **33,387** | 31,838 |
| Share capital and share premium | **199** | 199 |
| Other reserves | **946** | 943 |
| Retained earnings and other adjustments | **(237)** | (259) |
| **Total equity attributable to ordinary shareholders of Just Group plc** | **908** | 883 |
| Tier 1 notes | **322** | 322 |
| Non-controlling interest | **-** | (2) |
| **Total equity** | **1,230** | 1,203 |
| **Liabilities** | | |
| Insurance contract liabilities | **24,794** | 24,131 |
| Reinsurance contract liabilities | **79** | 125 |
| Payables and other financial liabilities[1] | **6,520** | 5,608 |
| Other liabilities | **764** | 771 |
| **Total liabilities** | **32,157** | 30,635 |
| **Total equity and liabilities** | **33,387** | 31,838 |

[1] Other payables has been aggregated with other financial liabilities in all periods presented.

The amounts reported in the Condensed Consolidated Statement of Financial Position above for Insurance and Reinsurance contracts include our best estimate, risk adjustment and contractual service margin "CSM". The analysis of these as reported in note 12 is included below.

| | 30 June 2024 | | | December 2023 | | |
|---|---|---|---|---|---|---|
| | **Gross £m** | **Net Reinsurance £m** | **Net £m** | Gross £m | Net Reinsurance £m | Net £m |
| Best estimate | **21,266** | **20** | **21,286** | 20,758 | 64 | 20,822 |
| Risk adjustment | **944** | **(617)** | **327** | 924 | (592) | 332 |
| CSM[1] | **2,584** | **(432)** | **2,152** | 2,449 | (490) | 1,959 |
| Net closing balance | **24,794** | **(1,029)** | **23,765** | 24,131 | (1,018) | 23,113 |

[1] After tax, the closing CSM is £1,617m (31 December 2023: £1,471m)

### Financial investments

During the period, financial investments increased by £1.6bn to £31.0bn (31 December 2023: £29.4bn). Excluding derivatives and collateral, and gilts purchased in relation to the interest rate hedging, during the first half of 2024, the core Investments portfolio on which we take credit risk increased by 4% to £24.9bn. The increase in the portfolio has been driven by investment of the Group's £2.5bn of new business premiums and credit spread tightening, but offset by the increase in long-term risk-free rates at the end of the period compared to 2023 year-end, which decreases the market value of the assets (and matched liabilities). The credit quality of the Group's bond portfolio remains resilient, with 57% rated A or above (31 December 2023: 54%), driven by an increase in UK government gilts. Our diversified portfolio continues to grow and is well balanced across a range of industry sectors and geographies.

We continue to position the portfolio with a defensive bias. The Group continues to have very limited exposure to those sectors that are most sensitive to structural change or macroeconomic conditions, such as auto manufacturers, consumer (cyclical), energy and basic materials. The Group has increased its infrastructure investments, driven by social housing and private placement assets. The increase in government bonds and liquidity is driven by the tighter corporate credit spreads, with excess cash and gilts expected to be recycled into corporate credit and illiquid assets during the second half of 2024 as opportunities arise. The BBB rated bonds are weighted towards the most defensive sectors including utilities, communications and technology, and infrastructure.

We prudently manage the balance sheet by hedging all foreign exchange and inflation exposure, and continue to execute a revised interest rate hedging strategy. This involves the purchase of £3.3bn of long dated gilts, which are held at amortised cost under IFRS. The effect is to significantly reduce the Solvency II sensitivity to future interest rate movements, without exposing the IFRS position to interest rate volatility on these assets.

**Illiquid assets**

To support new business pricing, optimise back book returns, and to further diversify its investments, the Group originates illiquid assets including infrastructure, real estate investments, private placements and lifetime mortgages. Income producing real estate investments are typically much longer duration and hence the cash flow profile is very beneficial, especially to match DB deferred liabilities.

In the first six months of the year, we funded £655m of illiquid assets, which is a little below our expected run-rate, primarily due to discipline on illiquidity premium and borrowers delaying drawdown until the second half of the year, when base rates are expected to be lower. Other illiquid assets (excluding LTMs) are originated via a panel of 14 specialist external asset managers, each carefully selected based on their particular area of expertise. Our illiquid asset origination strategy allows us to efficiently scale origination of new investments, and to flex allocations between sectors depending on market conditions and risk adjusted returns. In 2024 year to date, we have funded or committed £1.1bn of illiquid assets, and are very much on track to achieve our optimal illiquid asset backing ratio to new business.

To date, Just has invested £5.6bn in other illiquid assets, representing 23% of the investments portfolio (31 December 2023: 21%), spread across more than 300 investments, both UK and abroad. We have invested in our in-house credit team as we have broadened the illiquid asset origination, and work very closely with our specialist asset managers on structuring to enhance our security, with a right to veto on each asset. Over the past year, we have invested in our Investments function, and are originating particular illiquid asset classes directly (e.g. social housing and specific private placements). We anticipate that the Solvency UK reforms will increase the investment opportunities available to us through wider matching adjustment eligibility criteria, such as callable bonds, or assets with a construction phase, where the commencement of cashflows is not entirely certain. The more complex changes to matching adjustment (“MA”) rules and the associated investment flexibility took effect on 30 June 2024, with the final part of the reforms on fundamental spread to complete by year end. We expect these MA changes to support the role HM Treasury is expecting from the industry, whereby appropriate reforms could increase investment by tens of billions of pounds in long-term finance that underpins UK economic growth.

In addition, during the first half of 2024, shareholder funded lifetime mortgages were £107m (H1 23, £66m). We continue to be selective, and use our market insight and distribution to target certain sub-segments of the market. The loan-to-value ratio of the in-force lifetime mortgage portfolio was 38.4% (31 December 2023: 38.2%), reflecting continued performance across our geographically diversified portfolio, which offsets the interest roll-up. Lifetime mortgages at £5.6bn represent 22% of the investments portfolio, which we expect to continue drifting lower over time as we originate fewer new LTMs and diversify the portfolio with other illiquid assets. The 10% Solvency II capital coverage ratio impact for an immediate 10% fall in UK house prices remains at a level we are comfortable with.

The following table provides a breakdown by credit rating of financial investments, including privately rated investments allocated to the appropriate rating.

| | **30 June 2024 £m** | **30 June 2024 %** | 31 December 2023 £m | 31 December 2023 % |
|---|---|---|---|---|
| AAA[1] | **2,523** | **8** | 2,252 | 8 |
| AA[1] and gilts | **6,743** | **22** | 5,327 | 18 |
| A[1,2] | **7,331** | **23** | 7,239 | 24 |
| BBB[1,2] | **7,938** | **25** | 8,083 | 27 |
| BB or below[1,2] | **171** | **1** | 176 | 1 |
| Lifetime mortgages | **5,554** | **18** | 5,681 | 19 |
| Unrated[1] | **927** | **3** | 837 | 3 |
| **Total**[1,2,3] | **31,187** | **100** | 29,595 | 100 |

1 Includes units held in liquidity funds, derivatives and collateral and gilts (interest rate hedging).
2 Includes investment in trusts which holds long income real estate assets which are included in investment properties and investments accounted for using the equity method in the IFRS consolidated statement of financial position.
3 The residential ground rent portfolio includes £163m rated AAA.

On 9 November 2023, the previous government published a consultation seeking views on capping the maximum ground rent that residential leaseholders can be required to pay. Although the previous government did not implement any reform of residential ground rent, the new government may still consider reforming the ground rent charges. The Group is closely monitoring the new government’s agenda, which remains uncertain following the recent King’s Speech, and the impact of this on the Group’s £163m by market value (31 December 2023: £176m market value) portfolio of residential ground rents. An adjustment was made at year end 2023 and no changes have been made to that adjustment over half year 2024 to reflect the ongoing uncertainty.

The sector analysis of the Group's financial investments portfolio is shown below and continues to be well diversified across a variety of industry sectors.

| | **30 June 2024 £m** | **30 June 2024 %** | 31 December 2023 £m | 31 December 2023 % |
|---|---|---|---|---|
| Basic materials | **117** | **0.5** | 149 | 0.6 |
| Communications and technology | **1,199** | **4.8** | 1,334 | 5.6 |
| Auto manufacturers | **102** | **0.4** | 130 | 0.5 |
| Consumer staples (including healthcare) | **1,266** | **5.1** | 1,405 | 5.9 |
| Consumer cyclical | **183** | **0.7** | 197 | 0.8 |
| Energy | **335** | **1.3** | 378 | 1.6 |
| Banks | **1,389** | **5.6** | 1,606 | 6.7 |
| Insurance | **729** | **2.9** | 735 | 3.1 |
| Financial – other | **683** | **2.8** | 583 | 2.4 |
| Real estate including REITs | **596** | **2.4** | 660 | 2.8 |
| Government | **2,532** | **10.2** | 1,767 | 7.4 |
| Industrial | **460** | **1.9** | 543 | 2.3 |
| Utilities | **2,470** | **9.9** | 2,637 | 11.0 |
| Commercial mortgages[1] | **800** | **3.2** | 764 | 3.2 |
| Long income real estate[2] | **1,053** | **4.2** | 916 | 3.8 |
| Infrastructure | **2,971** | **12.0** | 2,473 | 10.3 |
| Other | **42** | **0.2** | 42 | 0.2 |
| **Bond total** | **16,927** | **68.1** | 16,319 | 68 |
| Other assets | **927** | **3.7** | 822 | 3.4 |
| Lifetime mortgages | **5,554** | **22.3** | 5,681 | 23.7 |
| Liquidity funds | **1,471** | **5.9** | 1,141 | 4.8 |
| **Investments portfolio** | **24,879** | **100.0** | 23,963 | 100 |
| Derivatives and collateral | **2,964** | | 3,083 | |
| Gilts (interest rate hedging) | **3,344** | | 2,549 | |
| **Total** | **31,187** | | 29,595 | |

1 Includes investment in trusts which are included in investment properties in the IFRS consolidated statement of financial position.

2 Includes direct long income real estate and where applicable, investment in trusts of £158m which are primarily included in investments accounted for using the equity method in the IFRS consolidated statement of financial position. Long income real estate includes £890m commercial ground rents/income strips and £163m residential ground rents.

**Reinsurance contract assets and liabilities**

In accordance with IFRS 17, the Group distinguishes between its portfolios of reinsurance contracts, which cover longevity and inflation risks and portfolios of reinsurance treaties covering longevity reinsurance alone. The Group's contracts transferring inflation risk are quota share arrangements which are in asset positions. Since the introduction of Solvency II in 2016, the Group has increased its use of reinsurance swaps rather than quota share treaties and these are in liability positions.

**Cash and other assets**

Other assets (primarily cash) remained consistent at £1.3bn at 30 June 2024 (31 December 2023: £1.3bn). The Group holds significant amounts of assets in cash, so as to protect against liquidity stresses.

**Insurance contract liabilities**

Insurance contract liabilities increased to £24.8bn at 30 June 2024 (31 December 2023: £24.1bn). The increase in liabilities reflects the new business premiums written, offset by an increase to the valuation rate of interest and policyholder payments over the period.

**Payables and other financial liabilities**

Payables and other financial liabilities increased to £6.5bn (31 December 2023: £5.6bn) due to an increase in repurchase agreements used to fund the Group's amortised cost portfolio of Gilts which has increased by £0.8bn over H1 24.

**Other liabilities**

Other liability balances decreased to £764m at 30 June 2024 (31 December 2023: £771m) due to a reduction in loans and other payables.

**IFRS net assets**

The Group's total equity at 30 June 2024 was £1.2bn (31 December 2023: £1.2bn). Total equity includes the Restricted Tier 1 notes of £322m (after issue costs) issued by the Group in September 2021. The total equity attributable to ordinary shareholders increased to £908m (31 December 2023: £883m).

## DEFERRAL OF PROFIT IN CSM

As noted above, underlying operating profit is the core performance metric on which we have based our profit growth target. This includes new business profits deferred in CSM that will be released in future. When reconciling the underlying operating profit with the statutory IFRS profit it is necessary to adjust for the value of the net deferral of profit in CSM.

Net transfers to contractual service margin includes amounts that are recognised in profit or loss including the accretion and the amortisation of the contractual service margin:

| | **Six months ended 30 June 2024** | | | Six months ended 30 June 2023 | | |
|---|---|---|---|---|---|---|
| | **Gross insurance contracts £m** | **Reinsurance contracts £m** | **Total £m** | Gross insurance contracts £m | Reinsurance contracts £m | Total £m |
| **CSM balance at 1 January** | **2,449** | **(490)** | **1,959** | 1,943 | (332) | 1,611 |
| New Business initial CSM recognised | **236** | **(10)** | **226** | 158 | (10) | 148 |
| Accretion of interest on CSM | **54** | **(12)** | **42** | 34 | (7) | 27 |
| Changes to future cash flows at locked-in economic assumptions | **(69)** | **69** | **-** | (21) | 31 | 10 |
| Release of CSM | **(86)** | **11** | **(75)** | (67) | 11 | (56) |
| **Net transfers to CSM** | **135** | **58** | **193** | 104 | 25 | 129 |
| **CSM balance at 30 June** | **2,584** | **(432)** | **2,152** | 2,047 | (307) | 1,740 |

### Dividends

The Board has declared an interim dividend of 0.7 pence per share, or £7m, (H1 23 interim dividend 0.58 pence per share, £6m). This is in line with our stated policy for the interim dividend to be one-third of the equivalent prior year full year dividend of 2.08 pence per share.

**MARK GODSON**
Group Chief Financial Officer

## RISK MANAGEMENT

*The Group's enterprise-wide risk management strategy is to enable all colleagues to take more effective business decisions through a better understanding of risk.*

## PURPOSE

The Group risk management framework supports management in making decisions that balance the competing risks and rewards. This allows them to generate value for shareholders, deliver appropriate outcomes for customers and help our business partners and other stakeholders have confidence in us. Our approach to risk management is designed to ensure that our understanding of risk underpins how we run the business.

## RISK FRAMEWORK

Our risk framework, owned by the Group Board, covers all aspects involved in the successful management of risk, including governance, reporting and policies. Our appetite for different types of risk is embedded across the business to create a culture of confident risk-taking. The framework is continually developed to reflect our risk environment and emerging best practice.

## RISK EVALUATION AND REPORTING

We evaluate our principal and emerging risks to decide how best to manage them within our risk appetite. Management regularly reviews its risks and produces management information to provide assurance that material risks in the business are being appropriately mitigated. The Risk function, led by the Group Chief Risk Officer ("GCRO"), challenges the management team on the effectiveness of its risk identification, measurement, management, monitoring, and reporting. The GCRO provides the Group Risk and Compliance Committee ("GRCC") with his independent assessment of the principal and emerging risks to the business.

Company policies govern the exposure of risks to which the Group is exposed and define the risk management activities to ensure these risks remain within appetite.

Financial risk modelling is used to assess the amount of each risk type against our capital risk appetite. This modelling is principally aligned to our regulatory capital metrics. The results of the modelling allow the Board to understand the risks included in the Solvency Capital Requirement ("SCR") and how they translate into regulatory capital needs. By applying stress and scenario testing, we gain insights into how risks might impact the Group in different circumstances.

Quantification of the financial impact of climate risk is subject to significant uncertainty. Climate-related transition and physical risks are heavily dependent on government policy developments, social responses to these developments and market trends. Just's initial focus has been on the implementation of strategies to reduce the likely exposure to this risk. Just will continue to adapt its view of climate risk as both methodologies and data quality improve.

The identification, disclosure and management of climate-related risks and broader sustainability risks are embedded within Just's Enterprise Risk Management Framework. This includes climate-related scenario analysis, based on Network for Greening the Financial System scenarios, which is a key tool for ensuring we have a deep understanding of the risks the Group faces over a long-term time horizon.

## OWN RISK AND SOLVENCY ASSESSMENT

The Group's Own Risk and Solvency Assessment ("ORSA") process embeds comprehensive risk reviews into our Group management activities. Our annual ORSA report is an important part of our business risk management cycle.

It summarises work carried out in assessing the Group's risks related to its strategy and business plan, supported by a variety of quantitative scenarios, and integrates findings from the Group's recovery and run-off analysis. The report provides an opinion on the viability and sustainability of the Group and informs strategic decision making. Updates are provided to the GRCC each quarter, including factors such as key risk limit consumption, and conduct, operational and market risk developments, to keep the Board appraised of the Group's evolving risk profile.

Reporting on climate risk is being integrated into the Group's regular reporting processes, which will continue to evolve as the quantification of risk exposures develops and key risk indicators ("KRIs") are identified.

# PRINCIPAL RISKS AND UNCERTAINTIES

## STRATEGIC PRIORITIES

1. Grow sustainably
2. Scale with technology
3. Reach new customers
4. Be recommended by our customers
5. Be proud to work at Just

Risks and uncertainties are presented in this report in two separate sections: (1) the first section summarises the Group's ongoing core risks and how they are managed in business as usual; and (2) the second section calls out the risk outlook for subjects that are evolving and are of material importance from a Group perspective.

## ONGOING PRINCIPAL RISKS

| Risk | How we manage or mitigate the risk |
|---|---|
| A<br>**Market risk** arises from changes in interest rates, residential property prices, credit spreads, inflation, and exchange rates, which affect, directly or indirectly, the level and volatility of market prices of assets and liabilities. The Group is not exposed to any material levels of equity risk. Some very limited equity risk exposure arises from investment into credit funds which have a mandate that allows preferred equity to be held.<br><br>**Strategic priorities**<br>1, 3 | • Premiums are invested to match asset and liability cash flows as closely as practicable;<br>• Market risk exposures are managed within pre-defined limits aligned to risk appetite for individual risks;<br>• Exposure is managed using regulatory and economic metrics to achieve desired financial outcomes;<br>• Balance sheet is managed by hedging exposures, including currency and inflation where cost effective to do so; and<br>• Interest rate hedging is in place to manage Solvency II capital coverage and IFRS equity positions. |
| B<br>**Credit risk** arises if another party fails to perform its financial obligations to the Group, including failing to perform them in a timely manner.<br><br>**Strategic priorities**<br>1, 3, 4 | • Investments are restricted to permitted asset classes and concentration limits;<br>• Credit risk exposures are monitored in line with credit risk framework, driving corrective action where required;<br>• External events that could impact credit markets are tracked continuously;<br>• Credit risks from reinsurance balances are mitigated by the reinsurer depositing back premiums ceded and through collateral arrangements or recapture plans;<br>• Credit risk associated with derivatives is managed through collateral arrangements; and<br>• The external fund managers we use are subject to Investment Management Agreements and additional credit guidelines. |
| C<br>**Insurance risk** arises through exposure to longevity, mortality, morbidity risks and related factors such as levels of withdrawal from lifetime mortgages and management and administration expenses.<br><br>**Strategic priorities**<br>1, 3, 4 | • Controls are maintained over insurance risks related to product development and pricing;<br>• Approved underwriting requirements are adhered to;<br>• Medical information is developed and used for pricing and reserving to assess longevity risk;<br>• Reinsurance is used to reduce longevity risk exposure, with oversight by Just of overall exposures and the aggregate risk ceded;<br>• Group Board review and approve assumption used; and<br>• Regular monitoring, control and analysis of actual experience and expense levels is conducted. |
| D<br>**Liquidity risk** is the risk of insufficient suitable assets available to meet the Group's financial obligations as they fall due.<br><br>**Strategic priorities**<br>1, 3, 4 | • Stress and scenario testing and analysis is conducted: including collateral margin stresses, asset eligibility and haircuts under stress;<br>• Corporate collateral capacity to reduce liquidity demands and improve our liquidity stress resilience is monitored;<br>• Risk assessment reporting and risk event logs inform governance and enable effective oversight; and<br>• Contingency funding plan is maintained with funding options and process for determining actions. |

| | |
|---|---|
| E<br>**Conduct and operational risks** arise from inadequate internal processes, people and systems, or external events including changes in the regulatory environment. Such risks can result in harm to our customers, the markets in which we do business or our regulatory relationships as well as direct or indirect loss, or reputational impacts.<br><br>**Strategic priorities**<br>1, 2, 3, 4, 5 | • Implement risk policies, controls, and mitigating activities to keep risks within appetite;<br>• Oversee risk status reports and any actions needed to bring risks back within appetite;<br>• Scenario-based assessment is in place to establish the level of capital needed for conduct and operational risks;<br>• Monitor conduct and customer risk indicators and their underlying drivers prompting action to protect customers;<br>• Conduct risk management training and other actions to embed regulatory changes; and<br>• Ensure data subjects can exercise their GDPR rights including their right to be forgotten and subject access requests to obtain their data held by Just. |
| F<br>**Strategic risk** arises from the choices the Group makes about the markets in which it competes and the environment in which it competes. These risks include the risk of changes to regulation, competition, or social changes which affect the desirability of the Group's products and services.<br><br>**Strategic priorities**<br>1, 2, 3, 4, 5 | • The Group operates an annual strategic review cycle;<br>• Information on the strategic environment, which includes both external market and economic factors and those internal factors which affect our ability to maintain our competitiveness, is regularly analysed to assess the impact on the Group's business models;<br>• Engagement with industry bodies supports our information gathering; and<br>• The Group responds to consultations through trade bodies where appropriate. |

## RISK OUTLOOK

| How this risk affects Just | Just's exposure to the risk | Outlook and how we manage or mitigate the risk |
|---|---|---|
| 1<br>**Political and regulatory**<br>Changes in regulation and/or the political environment can impact the Group's financial position and its ability to conduct business. The financial services industry continues to see a high level of regulatory activity.<br><br>**Strategic priorities**<br>1, 3, 4, 5<br><br>**Trend**<br>Uncertain | Just monitors and assesses regulatory developments for their potential impact on an ongoing basis. We seek to actively participate in all regulatory initiatives which may affect or provide future opportunities for the Group. Our aims are to implement any changes required effectively and deliver better outcomes for our customers and a competitive advantage for the business. We develop our strategy by giving consideration to planned political and regulatory developments and allowing for contingencies should outcomes differ from our expectations.<br><br>On 6 June 2024, the PRA published a new policy statement entitled "PS10/24 – Review of Solvency II: Reform of the Matching Adjustment". The policy statement introduces a number of changes to the MA rules, including on the eligibility of MA portfolios, justification of the MA taken, and firms' reporting. The precise standards required will emerge as the PRA reviews what is done by the Group and other firms. | The matching adjustment, Solvency II reform and regulatory expectations are of key importance to Just's business model.<br><br>The Group is assessing new matching adjustment eligible investment opportunities resulting from the PS10/24 reform and is preparing for implementation on 31 December 2024. We are assessing the financial impact ahead of implementation.<br><br>The Group has limited Funded Reinsurance. That which it has is collateralised. The Group is aware of and manages recapture risks and correlated risks. The Group is considering what changes may be required as a result of the publication of SS5/24 – Funded Reinsurance on 26 July 2024, including but not restricted to models, limits, capacity available and correlations between counterparties.<br><br>The FCA's rules for a new consumer duty sets higher and clearer standards for consumer protection across financial services and require firms to put customers' needs first. The Duty applied to new and existing products and services that are open to sale (or renewal) from 31 July 2023 and to products and services in closed books by 31 July 2024. This work has now been completed and the annual Board report was submitted and approved in July 2024.<br><br>Following the PRA and FCA regulations on operational resilience from March 2022, Just identified its most important business services and set impact tolerances for each. These are subject to regular scenario testing and an annual self-Assessment is prepared for Board approval. Just continues to evolve its operational resilience capability through the pillars that support the delivery of business services.<br><br>The new Government has stated its intent to pursue leasehold reform which was not implemented due to the election. The Group is closely monitoring the new |

| | | |
|---|---|---|
| | | Government's agenda which remains uncertain following the recent King's Speech and the possible impact of this on the Group's £163m portfolio of residential ground rents. An adjustment was made at year end 2023 and no changes have been made to that adjustment over half year 2024 to reflect the ongoing uncertainty. For more information on the Group's exposure to residential ground rents see the Business Review. |
| 2<br>**Climate and ESG**<br>Climate change could impact our financial position by impacting the value of residential properties in our lifetime mortgage portfolio and the yields and default risk of our investment portfolios. Just's reputation could also be affected by missed emissions targets or inadequate actions on environmental issues or broader sustainability issues.<br><br>**Strategic priorities**<br>1, 2, 3, 4, 5<br>**Trend**<br>Increasing | Our TCFD disclosures (pages 40 to 49 of the Just Group plc Annual Report and Accounts 2023) explain how climate-related risks and opportunities are embedded in Just's governance, strategy and risk management, with metrics to show the potential financial impacts on the Group. The metrics reflect the stress-testing and scenario capabilities developed to date to assess the potential impact of climate risk on the Group's financial position.<br><br>The value of properties on which lifetime mortgages are secured can be affected by:<br>(i) transition risk – such as potential government policy changes related to the energy efficiency of residential properties;<br>(ii) physical risks – such as increased flooding due to severe rainfall, or more widespread subsidence after extended droughts.<br><br>A shortfall in property sale price against the outstanding mortgage could lead to a loss due to the no-negative equity guarantee given to customers.<br><br>The value of corporate bonds and illiquid investments can be affected by the impact of climate risk on the assets or business models of corporate bond issuers and commercial borrowers. Yields available from corporate bonds may also be affected by any litigation or reputational risks associated with the issuers' environmental policies or adherence to emissions targets. | Just is proactive in pursuing its sustainability responsibilities and recognises the importance of its social purpose. We have set targets for Scope 1, 2 and business travel to be carbon net zero by 2025. For emissions from Scope 3 including, but not limited to, our investment portfolio, properties on which lifetime mortgages are secured and supply chain we have set net zero targets by 2050, with a 50% reduction in these emissions by 2030. Performance against these targets is being monitored and reported.<br><br>We continue to look to improve stress and scenario testing capabilities to support the monitoring of potential climate change impact on our investment and LTMs portfolios with a particular focus on refining the quality of input data.<br><br>The lifetime mortgage lending criteria will be kept under review and adjustments made as required.<br><br>Under Just's Responsible Investment Framework, the ESG risks, including climate change, are considered for liquid and illiquid assets. Risks arising from flooding, coastal erosion and subsidence are taken into account in lifetime mortgage lending decisions.<br><br>The consideration of sustainability in investment decisions may restrict investment choice and the yields available; but may also create new opportunities to invest in assets that are perceived to be more sustainable.<br><br>Following the BoE and PRA Climate and Capital Conference, in March 2023, the BoE published a report setting out its thinking. This included consideration of whether firms assess risks within the matching adjustment (MA) adequately to allow for the capture of climate risk. They will also start to explore whether it is appropriately reflected in external credit ratings (or firms' own internal ratings) and if resulting MA benefits could be too large. The ABI are maintaining engagement with key stakeholders including Just. |
| 3<br>**Cyber and technology**<br>IT systems are key to serving customers and running the business. These systems may not operate as expected or may be subject to cyber-attack to steal or misuse our data or for financial gain. Any system failure affecting the Group could lead to costs and disruption, adversely affecting its business and ability to serve its | Our IT systems are central to conducting our business from delivering outstanding Customer service and to the financial management of the business. We maintain a framework of operational resilience and disaster recovery capabilities so that we can continue to operate the business in adverse circumstances.<br><br>Protecting the personal information of our customers and colleagues is a key priority.<br><br>Internal controls and our people are integral to protecting the integrity of our systems, with our multi-layered approach to information security supported by training, embedded company policies and governance.<br><br>We continue to invest in strategic technologies. | The cyber threat to firms is expected to continue at a high level in the coming years and evolve in sophistication, especially with the increased threat of sophisticated and expected high volumes of attacks resulting from Artificial Intelligence. We will continue to closely monitor evolving external cyber threats to ensure our information security measures remain fit for purpose. Just's Chief Information Security Officer has recently implemented a revised information security team structure and approach.<br><br>2024 is seeing further investments in cyber-attack countermeasures, to enable consistent delivery of required security standards, in line with our Cyber strategy. We will continue to evaluate impacts of other new and emerging technologies, such as Artificial Intelligence, during the year.<br><br>We also conduct severe but plausible cyber desktop scenarios exercises to find gaps in our controls. To strengthen data security and overall resilience, in 2024, we are continuing to make enhancements to network architecture and implementing data centre upgrades.<br><br>Our email system continues to be made more resilient to |

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|---|---|---|
| Customers, and reputational damage.<br><br>**Strategic priorities**<br>1, 2, 3, 4, 5<br>**Trend**<br>Stable | | malicious attacks, including detection of emerging types of phishing and malware.<br><br>A specialist security operations centre monitors all our externally facing infrastructure and services, with threat analysis, incident management and response capabilities. The Group's cyber defences are subject to regular external penetration tests to drive enhancements to our technology infrastructure.<br><br>The development of in-house systems and our use of third-party systems, including cloud, is continuously monitored by technical teams following established standards and practices. |
| **4**<br>**Insurance risk**<br>In the long-term, the rates of mortality suffered by our customers may differ from the assumptions made when we priced the contract.<br><br>**Strategic priorities**<br>1, 3, 4<br>**Trend**<br>Stable | A high proportion of longevity risk on new business Just writes is reinsured, with the exception of Care business for which the risk is retained in full. Most of the financial exposure to the longevity risks that are not reinsured relate to business written prior to 2016.<br><br>Reinsurance treaties include collateral to minimise exposure in the event of a reinsurer default. Analysis of collateral arrangements can be found in Notes 26 and 34 of the Just Group plc Annual Report and Accounts 2023.<br><br>Mortality experience continues to be volatile and remains above pre-pandemic levels. | Experience and insights emerging since mid-2021 indicate that COVID-19, and the aftermath of the pandemic, will have a material and enduring impact on mortality for existing and future policyholders.<br><br>Our views on the changes are updated annually taking into account recent data, emerging best practice and expected trends. The assumptions about these changes have been incorporated into Just's pricing across our Retirement Income and Lifetime Mortgage products and will be updated as more information becomes available.<br><br>Changes in customer behaviour due to current higher interest rates have been taken into account where appropriate. |
| **5**<br>**Market and credit risk**<br>Fluctuations in interest rates, residential property values, credit spreads, inflation and currency may result, directly or indirectly, in changes in the level and volatility of market prices of assets and liabilities.<br><br>Investment credit risk is a result of investing to generate returns to meet our obligations to policyholders.<br><br>**Strategic priorities**<br>1, 3, 4<br>**Trend**<br>Increasing | Financial market volatility leads to changes in the level of market prices of assets and liabilities. Our business model and risk management framework have been designed to remain robust against market headwinds. Our policy is to manage market risk within pre-defined limits.<br><br>Investment in fixed income investments exposes the Group to default risk and subsequent losses should collateral and recovery be less than the expected investment value. Additionally, the Group is exposed to concentration risk and to the downgrade of assets which shows an increased probability of default.<br><br>Credit risk exposures arise due to the potential default by counterparties we use to:<br>• provide reinsurance to manage Group exposure to insurance risks, most notably longevity risk;<br>• provide financial instruments to mitigate interest rate and currency risk exposures; and<br>• hold our cash balances.<br><br>To reduce risk, the Group ensures it trades with a wide range of counterparties to diversify exposures.<br><br>All over-the-counter derivative transactions are conducted under standardised International Swaps and Derivatives Association master agreements. The Group has collateral | Interest rates remain elevated and central banks affirm their intention to lower rates slowly to ensure inflation hits and remains at target. Economic growth has been positive but low. The risks are that rates do not fall leading to wider difficulties from debt levels and refinancing. Given Financial markets are likely to remain volatile during this period.<br><br>Our investment assets may experience increased movements in downgrade and/or default experience.<br><br>Sustained high interest rates may result in UK residential property price falls, increasing the Group's exposure to the risk of shortfalls in expected repayments due to no-negative equity guarantee within its portfolio of lifetime mortgages. Commercial property price falls would reduce the value of collateral held within our loan portfolio secured against commercial properties.<br><br>Our balance sheet sensitivities to these risks can be found in note 9.<br><br>Credit risk on cash assets is managed by imposing restrictions over the credit ratings of third parties with whom cash is deposited. |

| | | |
|---|---|---|
| | agreements with relevant counterparties under each master agreement.<br><br>Reinsurance transactions are collateralised to reduce the Group's exposure to loss from default. The Group is aligned to SS5/24 – Funded Reinsurance in respect of reinsurer counterparty risk measurement. An assessment of any changes required is underway. Contracts offer protections against termination due to various events. | |
| 6<br>**Liquidity risk**<br>Having sufficient liquidity to meet our financial obligations as they fall due requires ongoing management and the availability of appropriate liquidity cover. The liquidity position is stressed to reflect extremely volatile conditions such as those triggered by the September 2022 "mini-Budget".<br><br>**Strategic priorities**<br>1, 3, 4<br><br>**Trend**<br>Increasing | Exposure to liquidity risk arises from:<br>• short term cash flow volatility leading to mismatches between cash flows from assets and liabilities, particularly servicing collateral requirements of financial derivatives and reinsurance agreements;<br>• the liquidation of assets to meet liabilities during stressed market conditions;<br>• higher-than-expected funding requirements on existing LTM contracts, lower redemptions than expected; and<br>• liquidity transferability risk across the Group. | Financial markets are expected to remain volatile into the foreseeable future with an increased level of liquidity risk. At the same time, Just is experiencing strong market demand for defined benefit de-risking solutions from pension schemes.<br><br>Just's use of derivative positions is planned to increase in proportion to its planned growth. Throughout any period of heightened volatility, Just maintains robust liquidity stress testing and holds a high level of liquidity coverage above stressed projections. |
| 7<br>**Strategic risk**<br>The choices we make about the markets in which we compete and the demand for our product and service offering may be affected by external risks including changes to regulation, competition, or social changes.<br><br>**Strategic priorities**<br>1, 2, 3, 4, 5<br><br>**Trend**<br>Stable | Risks to the Group's strategy arise from regulatory change as the Group operates in regulated markets and has partners and distributors who are themselves regulated. Actions by regulators may change the shape and scale of the market or alter the attractiveness of markets.<br><br>Changes in the nature or intensity of competition may impact the Group and increase the risk the business model is not able to be maintained.<br><br>The actions of our competitors may increase the exposure to the risk from regulation should they fail to maintain appropriate standards of prudence. | Regulation changes, such as Solvency II reform, have been agreed recently and it is likely the Group's regulators will not make any significant change until these have been embedded. There is a risk that pension scheme regulation may change as a result of schemes' exposures. Demand for de-risking solutions is expected to remain significant.<br><br>We expect the newly elected Labour government to introduce initiatives that will direct long-term investment in the UK, in part though initiatives arising from a review of the pensions landscape. This may include initiatives to consolidate and scale workplace pensions. There may also be changes to the regulatory framework in a bid to drive innovation as the new Government embeds itself and decides any future policy. At the time of writing it is not possible to judge the impact of these changes on the Group overall. |

# Statement of Directors' responsibilities

The Directors of the Company confirm that to the best of their knowledge, this condensed consolidated financial information has been prepared in accordance with UK-adopted International Accounting Standard 34 "Interim Financial Reporting", and that the interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules ("DTRs") sourcebook of the United Kingdom's Financial Conduct Authority, paragraphs DTR 4.2.4R, DTR4.2.7R and DTR 4.2.8R, namely;

- the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, or undertakings included in the consolidation;
- an indication of important events that have occurred during the first six months and their impact on the condensed set of consolidated financial statements, and a description of the principal risks and uncertainties faced by the Company and the undertakings included in the condensed consolidated set of financial information taken as a whole for the remaining six months of the financial year; and
- material related party transactions and any material changes in the related party transactions described in the last annual report.

There have been no changes to the Directors of Just Group plc to those listed in the Just Group plc Annual Report for the year ended 31 December 2023. A list of the current Directors is maintained on the Company's website: www.justgroupplc.co.uk.

By order of the Board:

DAVID RICHARDSON
Group Chief Executive Officer
12 August 2024

# Independent review report to Just Group plc
# Report on the condensed consolidated interim financial statements

## Our conclusion

We have reviewed Just Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of Just Group plc for the 6 month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:
- the condensed consolidated statement of financial position as at 30 June 2024;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results of Just Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

## Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

## Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

## Responsibilities for the interim financial statements and the review

### Our responsibilities and those of the directors

The Interim Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 August 2024

# Condensed consolidated statement of comprehensive income

## for the period ended 30 June 2024

| | Note | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|---|
| Insurance revenue | | **859** | 753 | 1,555 |
| Insurance service expenses | | **(759)** | (682) | (1,396) |
| Net expenses from reinsurance contracts | | **(29)** | (17) | (41) |
| **Insurance service result** | 3 | **71** | 54 | 118 |
| Investment return | | **(180)** | - | 2,173 |
| Net finance income/(expense) from insurance contracts | | **348** | 151 | (2,006) |
| Net finance (expense)/income from reinsurance contracts | | **(34)** | (7) | 108 |
| Movement in investment contract liabilities | | **-** | (1) | (2) |
| **Net investment result** | 4 | **134** | 143 | 273 |
| Other income | | **8** | 12 | 21 |
| Other operating expenses | | **(40)** | (51) | (104) |
| Other finance costs | | **(92)** | (39) | (122) |
| Share of results of associates accounted for using the equity method | | **(7)** | (2) | (14) |
| **Profit before tax** | | **74** | 117 | 172 |
| Income tax expense | 5 | **(20)** | (36) | (43) |
| **Profit for the period** | | **54** | 81 | 129 |
| | | | | |
| **Other comprehensive income:** | | | | |
| Exchange differences on translating foreign operations | | **(4)** | 1 | - |
| **Other comprehensive income for the period, net of income tax** | | **(4)** | 1 | - |
| **Total comprehensive income for the period** | | **50** | 82 | 129 |
| | | | | |
| **Profit attributable to:** | | | | |
| Equity holders of Just Group plc | | **54** | 82 | 129 |
| Non-controlling interest | | **-** | (1) | - |
| **Profit for the period** | | **54** | 81 | 129 |
| | | | | |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of Just Group plc | | **50** | 83 | 129 |
| Non-controlling interest | | **-** | (1) | - |
| **Total comprehensive income for the period** | | **50** | 82 | 129 |
| | | | | |
| Basic earnings per share (pence) | 6 | **4.6** | 7.3 | 11.3 |
| Diluted earnings per share (pence) | 6 | **4.6** | 7.2 | 11.2 |

The notes are an integral part of these financial statements.

# Condensed consolidated statement of changes in equity
## for the period ended 30 June 2024

| Six months ended 30 June 2024 | Share capital £m | Share premium £m | Other reserves £m | Retained earnings[1] £m | Tier 1 notes £m | Total equity excluding NCI £m | Non-controlling interest £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2024 | **104** | **95** | **943** | **(259)** | **322** | **1,205** | **(2)** | **1,203** |
| Profit for the period | - | - | - | 54 | - | 54 | - | 54 |
| Other comprehensive income for the period, net of income tax | - | - | - | (4) | - | (4) | - | (4) |
| **Total comprehensive income for the period** | - | - | - | 50 | - | 50 | - | 50 |
| Dividends | - | - | - | (16) | - | (16) | - | (16) |
| Interest paid on Tier 1 notes (net of tax) | - | - | - | (6) | - | (6) | - | (6) |
| Share-based payments | - | - | 3 | (3) | - | - | - | - |
| **Total contributions and distributions** | - | - | 3 | (25) | - | (22) | - | (22) |
| Acquisition of non-controlling interest | - | - | - | (3) | - | (3) | 2 | (1) |
| **Total changes in ownership interests** | - | - | - | (3) | - | (3) | 2 | (1) |
| **At 30 June 2024** | **104** | **95** | **946** | **(237)** | **322** | **1,230** | **-** | **1,230** |

| Six months ended 30 June 2023 | Share capital £m | Share premium £m | Other reserves £m | Retained earnings[1] £m | Tier 1 notes £m | Total equity excluding NCI £m | Non-controlling interest £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 104 | 95 | 938 | (354) | 322 | 1,105 | (2) | 1,103 |
| Profit for the period | – | – | – | 82 | – | 82 | (1) | 81 |
| Other comprehensive income for the period, net of income tax | – | – | – | 1 | – | 1 | - | 1 |
| Total comprehensive income for the period | – | – | – | 83 | – | 83 | (1) | 82 |
| Dividends | – | – | – | (13) | – | (13) | – | (13) |
| Interest paid on Tier 1 notes (net of tax) | – | – | – | (6) | – | (6) | – | (6) |
| Share-based payments | – | – | 7 | (4) | – | 3 | – | 3 |
| Total contributions and distributions | – | – | 7 | (23) | – | (16) | – | (16) |
| At 30 June 2023 | 104 | 95 | 945 | (294) | 322 | 1,172 | (3) | 1,169 |

| Year ended 31 December 2023 | Share capital £m | Share premium £m | Other reserves £m | Retained earnings[1] £m | Tier 1 notes £m | Total equity excluding NCI £m | Non-controlling interest £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 104 | 95 | 938 | (354) | 322 | 1,105 | (2) | 1,103 |
| Profit for the year | – | – | – | 129 | – | 129 | - | 129 |
| Total comprehensive income for the year | – | – | – | 129 | – | 129 | - | 129 |
| Dividends | – | – | – | (19) | – | (19) | – | (19) |
| Interest paid on Tier 1 notes (net of tax) | – | – | – | (12) | – | (12) | – | (12) |
| Share-based payments | – | – | 5 | (3) | – | 2 | – | 2 |
| Total contributions and distributions | – | – | 5 | (34) | – | (29) | – | (29) |
| At 31 December 2023 | 104 | 95 | 943 | (259) | 322 | 1,205 | (2) | 1,203 |

[1] Includes currency translation reserve of £5m (31 December 2023: £1m, 30 June 2023: £0.1m).

The notes are an integral part of these financial statements.

# Condensed consolidated statement of financial position
## as at 30 June 2024

| | Note | **30 June 2024 £m** | 31 December 2023 £m | 30 June 2023 £m |
|---|---|---|---|---|
| **Assets** | | | | |
| Intangible assets | | **41** | 41 | 45 |
| Property and equipment | | **24** | 22 | 21 |
| Investment property | | **27** | 32 | 40 |
| Financial investments | 8 | **31,029** | 29,423 | 26,161 |
| Investments accounted for using the equity method | | **139** | 149 | 161 |
| Reinsurance contract assets | 12 | **1,108** | 1,143 | 719 |
| Deferred tax assets | 5 | **392** | 406 | 418 |
| Current tax assets | | **1** | 4 | - |
| Prepayments and accrued income | | **16** | 12 | 17 |
| Other receivables | | **40** | 60 | 48 |
| Cash available on demand | | **570** | 546 | 573 |
| **Total assets** | | **33,387** | 31,838 | 28,203 |
| **Equity** | | | | |
| Share capital | 10 | **104** | 104 | 104 |
| Share premium | 10 | **95** | 95 | 95 |
| Other reserves | | **946** | 943 | 945 |
| Retained earnings | | **(237)** | (259) | (294) |
| **Total equity attributable to shareholders of Just Group plc** | | **908** | 883 | 850 |
| Tier 1 notes | 11 | **322** | 322 | 322 |
| **Total equity attributable to owners of Just Group plc** | | **1,230** | 1,205 | 1,172 |
| Non-controlling interest | | **-** | (2) | (3) |
| **Total equity** | | **1,230** | 1,203 | 1,169 |
| **Liabilities** | | | | |
| Insurance contract liabilities | 12 | **24,794** | 24,131 | 20,606 |
| Reinsurance contract liabilities | 12 | **79** | 125 | 103 |
| Investment contract liabilities | | **38** | 35 | 29 |
| Loans and borrowings | 13 | **687** | 686 | 710 |
| Payables and other financial liabilities[1] | 14 | **6,520** | 5,608 | 5,552 |
| Current tax liabilities | | **-** | - | 1 |
| Accruals and provisions | | **39** | 50 | 33 |
| **Total liabilities** | | **32,157** | 30,635 | 27,034 |
| **Total equity and liabilities** | | **33,387** | 31,838 | 28,203 |

1 Other payables has been aggregated with other financial liabilities in all periods presented.

The notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 12 August 2024 and were signed on its behalf by:

**MARK GODSON**
Director

# Condensed consolidated statement of cash flows
## for the period ended 30 June 2024

| | Note | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m (restated) | Year ended 31 December 2023 £m |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit before tax | | **74** | 117 | 172 |
| **Adjustments for:** | | | | |
| Depreciation / amortisation and impairment | | **3** | 3 | 8 |
| Share of results from associates | | **7** | 2 | 14 |
| Share-based payments | | **-** | 2 | 1 |
| Interest income | | **(577)** | (498) | (1,104) |
| Interest expense | | **92** | 39 | 122 |
| **Change in operating assets and liabilities:** | | | | |
| Net increase in financial investments | | **(1,241)** | (2,643) | (6,069) |
| Decrease in investment properties | | **5** | 8 | 1 |
| (Increase)/decrease in net reinsurance contracts[1] | | **(11)** | 40 | (363) |
| Increase in prepayments and accrued income | | **(4)** | (6) | (1) |
| Decrease in other receivables | | **19** | 14 | 3 |
| Increase in insurance contract liabilities | | **663** | 958 | 4,484 |
| Increase/(decrease) in investment contract liabilities | | **3** | (3) | 2 |
| (Decrease)/increase in accruals and provisions | | **(11)** | - | 16 |
| Increase in net derivatives liabilities, financial liabilities and other payables[2] | | **845** | 1,648 | 1,774 |
| Interest received | | **541** | 480 | 1,075 |
| Taxation received | | **-** | 6 | 6 |
| **Net cash inflow from operating activities** | | **408** | 167 | 141 |
| **Cash flows from investing activities** | | | | |
| Acquisition of property and equipment | | **(5)** | - | (2) |
| Dividends from associates | | **3** | - | - |
| **Net cash outflow from investing activities** | | **(2)** | - | (2) |
| **Cash flows from financing activities** | | | | |
| Decrease in borrowings (net of costs) | | **-** | - | (26) |
| Acquisition of non-controlling interests | | **(1)** | - | - |
| Dividends paid | 7 | **(16)** | (13) | (19) |
| Coupon paid on Tier 1 notes | 7 | **(8)** | (8) | (16) |
| Interest paid on borrowings | | **(23)** | (24) | (48) |
| Payment of lease liabilities – principal | | **(1)** | (1) | (1) |
| **Net cash outflow from financing activities** | | **(49)** | (46) | (110) |
| **Net increase in cash and cash equivalents** | | **357** | 121 | 29 |
| Foreign exchange differences on cash balances | | **(3)** | 1 | 2 |
| Cash and cash equivalents at start of period | | **1,687** | 1,656 | 1,656 |
| **Cash and cash equivalents at end of period** | | **2,041** | 1,778 | 1,687 |
| Cash available on demand | | **570** | 573 | 546 |
| Units in liquidity funds | | **1,471** | 1,205 | 1,141 |
| **Cash and cash equivalents at end of period** | | **2,041** | 1,778 | 1,687 |

1 Net reinsurance contracts has been restated by a £36m reduction, which was previously reported under interest paid, related to fixed-leg payments to reinsurers in HY23.
2 Other payables has been aggregated with other financial liabilities in all periods presented.

The notes are an integral part of these financial statements.

# Notes to the Condensed consolidated interim financial statements

## 1. BASIS OF PREPARATION

These Condensed consolidated interim financial statements comprise the Condensed consolidated financial statements of Just Group plc ("the Company") and its subsidiaries, together referred to as "the Group", as at, and for the six-month period ended, 30 June 2024.

These Condensed consolidated interim financial statements for the half-year reporting period ended 30 June 2024 have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

These Condensed consolidated interim financial statements need to be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2023 which were prepared under the historical cost convention, as modified by the revaluation of land and buildings, and financial assets and financial liabilities (including derivative instruments and investment contract liabilities) at fair value.

These Condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The results for the year ended and position as at 31 December 2023 have been taken from the Group's 2023 Annual Report and Accounts. The Group's 2023 Annual Report and Accounts was approved by the Board of Directors on 7 March 2024 and delivered to the Registrar of Companies. The report of the auditor on those accounts was (i) unqualified, (ii) did not contain any statement under section 498 (2) or (3) of the Companies Act 2006, and (iii) did not contain an emphasis of matter paragraph. The results for the six-month period ended 30 June 2023 have been taken from the Group's Interim Results for the six months to 30 June 2023.

### (a) Going concern

A going concern assessment has been undertaken and having completed this, the Directors are satisfied that the Group has adequate resources to continue to operate as a going concern for a period of not less than 12 months from the date of signing of this report and that there is no material uncertainty in relation to going concern. Accordingly, the going concern basis continues to be applied in preparing these Condensed consolidated interim financial statements.

This assessment includes a current update on the previous annual assessment performed earlier in the year which covered the period to 31 December 2025 and considered of the Group's business plan approved by the Board, the projected liquidity positions of the Company and the Group, impacts of economic stresses, the Group's financing arrangements and contingent liabilities and a range of forecast scenarios with differing levels of new business and associated additional capital requirements to write anticipated levels of new business.

As part of that annual assessment the resilience of the solvency capital position was tested under a range of adverse scenarios, before and after management actions within the Group's control, which considers the possible impacts on the Group's business, including stresses to UK residential property prices, house price inflation, the credit quality of assets including residential ground rents, mortality, and risk-free rates. More extreme stresses and scenarios were also considered, including a scenario of the worst case outcome of peppercorn rent from the previous Government consultation regarding restriction of ground rent for existing residential leases in 2023 (as explained in note 16), and also a reverse property stress. Eligible own funds exceeded the minimum capital requirement in all of these stressed scenarios and the Directors concluded that the Group continued to be a going concern in all the scenarios described above.

The current update to this assessment considers performance in the period against the business plan, the latest forward-looking forecast, the liquidity position, Solvency position and the potential impact on solvency from stresses in a scenario that the Group considers to represent a severe economic downside.

The Group and its regulated insurance subsidiaries are required to comply with the requirements established by the Solvency II framework directive as adopted by the Prudential Regulation Authority ("PRA") in the UK, and to measure and monitor its capital resources on this basis. The overriding objective of the Solvency II capital framework is to ensure there is sufficient capital within the Group and its insurance companies to protect policyholders and meet payments when due. Insurers are required to maintain eligible capital, or "Own Funds", in excess of the value of the Solvency Capital Requirement ("SCR"). The SCR represents the risk capital required to be set aside to absorb 1-in-200 year stress tests, over the next years' time horizon, of each risk type that the insurer is exposed to, including longevity risk, property risk, credit risk, and interest rate risk. These risks are aggregated together with appropriate allowance for diversification benefits.

The Group has a robust liquidity framework designed to withstand a range of “worst case” 1-in-200 year historic liquidity events. The Group liquid resources includes the Parent Company’s undrawn revolving credit facility of up to £400m for general corporate and working capital purposes. The borrowing facility is subject to financial covenants that are measured biannually as at the end of June and December, being the ratio of consolidated net debt to the sum of net assets and consolidated net debt not being greater than 45%. The ratio on 30 June 2024 was 22% (31 December 2023: 24%). The Group’s business plan indicates that liquidity headroom will be maintained above the Group’s borrowing facilities and financial covenants will be met throughout the period.

Furthermore, the Directors note that in a scenario where the Group ceases to write new business the going concern basis would continue to be applicable while the Group continued to service in-force policies.

Based on the assessment performed above, the Directors conclude that it remains appropriate to value assets and liabilities on the assumption that there are adequate resources to continue in business and meet obligations as they fall due for the foreseeable future, being at least 12 months from the date of signing this report. Accordingly, the going concern basis has been adopted in the valuation of assets and liabilities.

### (b) New accounting standards and new material accounting policies

The Group has applied UK-adopted IFRS for the preparation of these Condensed consolidated interim financial statements. The accounting policies applied in the preparation of these Condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2023. There have been no changes in accounting standards adopted in 2024 that have a material impact on the Group.

The following new accounting standards are in issue but not endorsed yet. These have not yet been adopted by the Group and are not expected to have a significant impact on the results within the financial statements:

- IFRS 18 ‘Presentation and Disclosure in Financial Statements’ (effective 1 January 2027).
- IFRS 19 ‘Subsidiaries without Public Accountability: Disclosure’ (effective 1 January 2027).

### (c) Material accounting policies and the use of judgements, estimates and assumptions

The preparation of Condensed consolidated interim financial statements requires the Group to select accounting policies and make estimates and assumptions that affect items reported in the Condensed consolidated statement of comprehensive income, Condensed consolidated statement of financial position, other primary statements and notes to the Condensed consolidated interim financial statements.

All estimates are based on management’s knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results may differ significantly from those estimates. Sensitivities of investments and insurance contracts to reasonably possible changes in significant estimates and assumptions are included in notes 9(d) and 12(f) respectively.

The judgements, estimates and assumptions adopted by the Group are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2023. As explained in note 12(b) the Group has made a small adjustment to the base mortality assumptions on certain products in these financial statements.

## 2. SEGMENTAL REPORTING

### Segmental analysis

The operating segments from which the Group derives income and incurs expenses are as follows:

• **Insurance segment:** the writing of insurance products for distribution to the at- or in-retirement market and the DB de-risking market;
• **Advisory segments:** the arranging of retirement income products through regulated advice and intermediary services and the provision of licensed software to financial advisers, banks, building societies, life assurance companies and pension trustees.

The insurance segment writes insurance products for the retirement market – which include Guaranteed Income for Life Solutions, Defined Benefit De-risking Solutions, Care Plans and Protection – and invests the premiums received from these contracts in debt and other fixed income securities, gilts, liquidity funds, Lifetime Mortgage advances and other illiquid assets.

The advisory segments of the professional services business, HUB, represents the other operating segments. The HUB Retirement solutions and Digital wealth operating segments are not currently sufficiently significant to disclose separately as a reportable segment. In the segmental profit table below, the single reportable segment for Insurance is reconciled to the total Group result by including an "Other" column which includes the non-reportable segments plus the other companies' results. This includes the Group's corporate activities that are primarily involved in managing the Group's liquidity, capital and investment activities.

The Group operates in one material geographical segment which is the United Kingdom.

The internal reporting used by the Chief Operating Decision Maker ("CODM") includes segmental information regarding premiums and profit. Material product information is analysed by product line and includes shareholder funded DB, GIfL, DB Partnering, Care Plans, Protection, Lifetime mortgage ("LTM") and Drawdown products. Further information on the DB partnering transactions is included in the Business review. The information on adjusted operating profit and profit before tax used by the CODM is presented on a combined product basis within the insurance operating segment and is not analysed further by product.

### Underlying operating profit

The Group reports underlying operating profit as an alternative measure of profit which is used for decision making and performance measurement. The Board believes that underlying operating profit, which represents a combination of both the future profit generated from new business written in the period and additional profit emerging from the in-force book of business, provides a better view of the performance of the business. The net underlying CSM increase is added back when calculating the underlying operating profit as the Board considers the value of new business is significant in assessing business performance. Actual operating experience, where different from that assumed at the start of the period, and the impacts of changes to future operating assumptions applied in the period, are then also included in arriving at adjusted operating profit.

New business profits represent expected investment returns on the financial instruments assumed to be newly purchased to back that business after allowances for expected movements in liabilities and deduction of acquisition costs. New business profits are based on valuation of investment returns as at the date of quoting for new business whereas the CSM on new business is computed as at the date of inception of new contracts. Profits arising from the in–force book of business represent an expected return on surplus assets of 4% (HY23: 4%), the expected unwind of allowances for credit default and the release of the risk adjustment.

Underlying operating profit excludes strategic expenditure, and where applicable any impairments, exceptional items and amortisation of intangible assets arising on consolidation, since these items arise outside the normal course of business in the year.

Variances between actual and expected investment returns due to economic and market changes, including on surplus assets and on assets assumed to back new business, and gains and losses on the revaluation of land and buildings, are also disclosed outside underlying operating profit, within investment and economic movements.

## Segmental reporting and reconciliation to financial information

| | Six months ended 30 June 2024 | | | Six months ended 30 June 2023 | | |
|---|---|---|---|---|---|---|
| | **Insurance £m** | **Other £m** | **Total £m** | Insurance £m | Other £m | Total £m |
| New business profits | **222** | **-** | **222** | 161 | - | 161 |
| CSM amortisation[1] | **(33)** | **-** | **(33)** | (29) | - | (29) |
| **Net underlying CSM increase[2]** | **189** | **-** | **189** | 132 | - | 132 |
| In-force operating profit[1] | **111** | **3** | **114** | 89 | 3 | 92 |
| Other Group companies' operating results | **-** | **(11)** | **(11)** | - | (8) | (8) |
| Development expenditure | **(9)** | **(1)** | **(10)** | (9) | (1) | (10) |
| Finance costs | **(42)** | **9** | **(33)** | (42) | 9 | (33) |
| **Underlying operating profit** | **249** | **-** | **249** | 170 | 3 | 173 |
| Operating experience and assumption changes[1] | **(3)** | **-** | **(3)** | 1 | - | 1 |
| **Adjusted operating profit before tax** | **246** | **-** | **246** | 171 | 3 | 174 |
| Investment and economic movements | **22** | **1** | **23** | 65 | 6 | 71 |
| Strategic expenditure | **(10)** | **(3)** | **(13)** | (4) | (3) | (7) |
| Adjustment for transactions reported directly in equity in IFRS | **14** | **(3)** | **11** | 14 | (6) | 8 |
| **Adjusted profit before tax** | **272** | **(5)** | **267** | 246 | - | 246 |
| Deferral of profit in CSM[1] | **(193)** | **-** | **(193)** | (129) | - | (129) |
| **Profit before tax** | **79** | **(5)** | **74** | 117 | - | 117 |

| | Year ended 31 December 2023 | | |
|---|---|---|---|
| | Insurance £m | Other £m | Total £m |
| New business profits | 355 | - | 355 |
| CSM amortisation[1] | (62) | - | (62) |
| **Net underlying CSM increase[2]** | 293 | - | 293 |
| In-force operating profit[1] | 185 | 6 | 191 |
| Other Group companies' operating results | - | (22) | (22) |
| Development expenditure | (16) | (1) | (17) |
| Finance costs | (84) | 16 | (68) |
| **Underlying operating profit** | 378 | (1) | 377 |
| Operating experience and assumption changes[1] | 52 | - | 52 |
| **Adjusted operating profit before tax** | 430 | (1) | 429 |
| Investment and economic movements | 106 | (14) | 92 |
| Strategic expenditure | (8) | (9) | (17) |
| Adjustment for transactions reported directly in equity in IFRS | 28 | (12) | 16 |
| **Adjusted profit before tax** | 556 | (36) | 520 |
| Deferral of profit in CSM[1] | (348) | - | (348) |
| **Profit before tax** | 208 | (36) | 172 |

1: See glossary for definition
2: New business profitability is valued based on quotation date in the new business profitability measure used by the Chief Operating Decision Maker. In IFRS, new business is measured based on the completion date and therefore there is a quotation date reconciling item between the segmental reporting profit and IFRS profit.

The reconciliation of the non-GAAP new business profit to the new business contractual service margin (IFRS measure) is included in the Business review.

### Additional analysis of segmental profit or loss

Revenue, depreciation of property and equipment, and amortisation of intangible assets are materially all allocated to the insurance segment. The adjustment for transactions reported directly in equity in IFRS primarily relates to interest on the Tier 1 notes. The interest adjustment in respect of Tier 1 notes in the other segment represents the difference between interest charged to the insurance segment in respect of Tier 1 notes and interest incurred by the Group in respect of Tier 1 notes.

## Product information analysis

Additional analysis relating to the Group's products is presented below:

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|
| Defined Benefit De-risking Solutions ("DB") | **1,874** | 1,429 | 2,999 |
| Guaranteed Income for Life contracts ("GIfL")[1] | **600** | 470 | 894 |
| **Retirement Income sales (shareholder funded)** | **2,474** | 1,899 | 3,893 |
| Defined Benefit De-risking partnering ("DB partnering") | **-** | - | 416 |
| **Retirement Income sales** | **2,474** | 1,899 | 4,309 |
| Premium adjustments to in-force policies | **4** | - | (27) |
| Net change in premiums receivable | **(445)** | 203 | 212 |
| **Premium cash flows (note 12(c))** | **2,033** | 2,102 | 4,494 |

[1] GIfL includes UK GIfL, South Africa GIfL and Care Plans.

## 3. INSURANCE SERVICE RESULT

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|
| **Insurance revenue** | | | |
| Contractual service margin recognised for services provided | **86** | 67 | 156 |
| Change in risk adjustment for non-financial risk for risks expired | **5** | 7 | 11 |
| Expected incurred claims and other insurance service expenses | **753** | 671 | 1,369 |
| Recovery of insurance acquisition cash flows | **15** | 8 | 19 |
| **Total insurance revenue** | **859** | 753 | 1,555 |
| **Insurance service expenses** | | | |
| Actual claims and maintenance expenses | **(744)** | (674) | (1,377) |
| Amortisation of insurance acquisition cash flows | **(15)** | (8) | (19) |
| **Total insurance service expenses** | **(759)** | (682) | (1,396) |
| Net expenses from reinsurance contracts | **(29)** | (17) | (41) |
| **Insurance service result** | **71** | 54 | 118 |

The contractual service margin ("CSM") release of £86m (HY23: £67m / FY23: £156m) represents 6.4% annualised (HY23: 6.4% annualised / FY23: 6.0%) of the CSM reserve balance immediately prior to release. On a net of reinsurance basis, the CSM release of £75m into profit (HY 23: £56m) represents an annualised 6.7% (HY 23: 6.2%) of the CSM balance immediately prior to release. The release in the first six months of 2024 includes the effects of the deferral in CSM of the demographic assumption changes made at 31 December 2023 and the new business written in 2024.

Expected incurred claims and other insurance service expenses of £753m (HY23: £671m / FY23: £1,369m) is broadly in line with the actual claims and maintenance expenses incurred of £744m (HY23: £674m / FY23: £1,377m). These amounts exclude investment components such as payments within guarantee periods. The continued increase reflects the growth and maturity of the business, the increase in the proportion of DB business and the reduction in the proportion of claims relating to guarantee periods as pre pensions-freedoms policies exit guarantee periods in 2024.

Total incurred expenses in the period were £890m (HY23: £817m / FY23: £1,683m) and are reported within: Insurance service expenses £759m (HY23: £682m / FY23: £1,396m), Other operating expenses £40m (HY23: £51m / FY23: £104m) and insurance acquisition costs deferred in the CSM of £91m (HY23 £84m / FY23 £183m) (see note 12(e)).

Other operating expenses include development and strategic expenses of £23m (HY23: £17m / FY23: £34m), and investment maintenance expenses and costs associated with non-insurance activities within the group totalling £17m (HY23: £36m / FY23: £70m).

## 4. NET INVESTMENT RESULT

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|
| **Investment return** | | | |
| Interest income on assets at amortised cost | **59** | 11 | 54 |
| Interest income on assets designated at FVTPL | **416** | 357 | 806 |
| Interest income on assets mandatorily measured at FVTPL: LTMs | **102** | 130 | 244 |
| Movement in fair value of financial assets designated at FVTPL | **(627)** | (464) | 424 |
| Movement in fair value of financial assets mandatorily measured at FVTPL: LTMs | **(172)** | (179) | 278 |
| Net gains on financial assets mandatorily measured at FVTPL: Derivatives | **46** | 144 | 365 |
| Foreign exchange (losses)/gains on amortised cost assets | **(4)** | 1 | 2 |
| **Total investment return** | **(180)** | - | 2,173 |
| **Net finance income/(expenses) from insurance contracts** | | | |
| Interest accreted | **(844)** | (603) | (1,317) |
| Effect of changes in interest rates and other financial assumptions | **1,173** | 752 | (622) |
| Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition | **19** | 2 | (67) |
| **Total net finance income/(expenses) from insurance contracts** | **348** | 151 | (2,006) |
| Net finance (expense)/income from reinsurance contracts | **(34)** | (7) | 108 |
| Movement in investment contract liabilities | **-** | (1) | (2) |
| **Net investment result** | **134** | 143 | 273 |

The Net investment result of £134m (HY23: £143m / FY23: £273m) is the net impact on the Group from the movement in the insurance contracts and the investment assets that back those contracts in the period, together with the investment result on surplus assets. The principal driver over the period is the changes in the value of the investment assets and net insurance liabilities due to changes in long-term interest rates.

These amounts will not completely offset for a number of reasons, including:

- the term structures for financial investments held and net insurance liabilities are not identical;
- the existence of surplus assets held on the balance sheet which do not back insurance liabilities and the value of which are subject to changes in interest rates; and
- the deduction of a credit default allowance from the interest rate used to value insurance liabilities.

### Investment return

Investment return includes interest on the Group's investment assets together with mark to market movements on portfolios held at fair value through profit or loss. The growth in interest income reflects both the Group's continued investment of new business premiums into additional holdings of fixed income investments and the growth in the amortised cost portfolio of Gilts. The amortised cost portfolio has been established in tranches over the past 15 months and now totals £3bn. The Group invested over £1bn into fixed income investments over H1 2024, and only £0.1bn in LTMs, amounting 5% of new business.

The Group's fixed income and LTM portfolios are long dated and are all exposed to changes in long term risk free rates. Mark to market losses incurred on the Group's fixed income and LTM portfolios reflects increases in long-term interest rates over the period. In the prior period, expectations of long-term interest rates rose over H1 2023 and reduced over H2 2023, resulting in mark to market losses in H1 2023, more than offset by mark to market gains over H2 2023.

### Net finance income/(expenses) from insurance contracts

Interest accreted of £844m (HY23: £603m / FY23: £1,317m) represents the effect of unwinding of the discount rates on the future cash flow and risk adjustment components of the insurance contract liabilities and the effect of interest accretion on the CSM. The increase in accretion reflects the growth in the size of the insurance portfolio and rises in interest rates, which drives the locked-in accretion rate for new business written. The majority of the opening CSM arises from the fair value approach on transition to IFRS 17 which is measured using the locked-in discount rate curve as at 1 January 2022. This curve is upward sloping in the early years which, combined with an increasing CSM balance, resulted in increased accretion.

The principal economic assumption changes impacting the movement in insurance liabilities during the period of £1,173m gain (HY23: £752m gain / FY23: £622m loss) relate to discount rates and inflation. The CSM is held at locked-in discount rates and benefit inflation, and hence the effect of the change in interest rates experienced in the period applies only to the future cash flows and risk adjustment components of the insurance contract liabilities.

## 5. INCOME TAX

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|
| **Current taxation** | | | |
| Current year tax on current year profits | **2** | 2 | – |
| Adjustments in respect of prior periods | **4** | - | – |
| **Total current tax** | **6** | 2 | – |
| **Deferred taxation** | | | |
| Deferred tax recognised for losses in the current period | **(3)** | - | (2) |
| Origination and reversal of temporary differences | **1** | 10 | 6 |
| Adjustments in respect of prior periods | **(1)** | 6 | 3 |
| Tax relief on the transitional adjustment on IFRS 17 implementation | **17** | 16 | 34 |
| Remeasurement of deferred tax – change in UK tax rate | **-** | 2 | 2 |
| **Total deferred tax** | **14** | 34 | 43 |
| **Total income tax recognised in profit or loss** | **20** | 36 | 43 |

The deferred tax assets and liabilities have been calculated at 25%, the current corporation tax rate, and the rate at which they are expected to reverse.

In accordance with Paragraph 4A of IAS 12 "Income taxes", the Group has not recognised nor disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group does not currently expect the effect of the Pillar Two legislation to have a material impact on the tax position in future periods.

### Reconciliation of total income tax to the applicable tax rate

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|
| Profit on ordinary activities before tax | **74** | 117 | 172 |
| Income tax at 25% (30 June 2023: 23.5%, 31 Dec 2023: 23.5%) | **18** | 28 | 40 |
| Effects of: | | | |
| Expenses not deductible for tax purposes | **-** | - | 2 |
| Remeasurement of deferred tax – change in UK tax rate | **-** | 2 | 2 |
| Adjustments in respect of prior periods | **3** | 6 | 3 |
| Other | **(1)** | - | (4) |
| **Total income tax recognised in profit or loss** | **20** | 36 | 43 |

### Income tax recognised directly in equity

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|
| **Current taxation** | | | |
| Relief on Tier 1 interest | **(2)** | – | (4) |
| **Total current tax** | **(2)** | – | (4) |
| **Deferred taxation** | | | |
| Relief on Tier 1 interest | **-** | (2) | – |
| **Total deferred tax** | **-** | (2) | – |
| **Total income tax recognised directly in equity** | **(2)** | (2) | (4) |

## 6. EARNINGS PER SHARE

The calculation of basic and diluted Earnings Per Share "EPS" is based on dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted-average number of ordinary shares outstanding, and by the diluted weighted-average number of ordinary shares potentially outstanding at the end of the period. The weighted-average number of ordinary shares excludes shares held by the Employee Benefit Trust on behalf of the Company to satisfy future exercises of employee share scheme awards.

Earnings for the purposes of determining earnings per share and diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Company for amounts in respect of the Tier 1 notes. This is based on the judgement that the rights associated with the Tier 1 notes are similar to preference shares. Adjustments include coupon payments and any gains/losses on redemption where appropriate.

| | **Six months ended - 30 June 2024** | | | Six months ended - 30 June 2023 | | |
|---|---|---|---|---|---|---|
| | **Earnings £m** | **Weighted -average no. shares m** | **EPS pence** | Earnings £m | Weighted-average no. shares m | EPS pence |
| Profit attributable to equity holders of Just Group plc | **54** | n/a | n/a | 82 | n/a | n/a |
| Coupon payments in respect of Tier 1 notes (net of tax) | **(6)** | n/a | n/a | (6) | n/a | n/a |
| **Profit attributable to ordinary equity holders of Just Group plc (basic)** | **48** | **1,035** | **4.6** | 76 | 1,029 | 7.3 |
| Effect of potentially dilutive share options | **-** | **12** | **-** | – | 24 | (0.1) |
| **Diluted profit attributable to ordinary equity holders of Just Group plc** | **48** | **1,047** | **4.6** | 76 | 1,053 | 7.2 |

| | Year ended - 31 December 2023 | | |
|---|---|---|---|
| | Earnings £m | Weighted- average no. shares m | EPS pence |
| Profit attributable to equity holders of Just Group plc | 129 | n/a | n/a |
| Coupon payments in respect of Tier 1 notes (net of tax) | (12) | n/a | n/a |
| **Profit attributable to ordinary equity holders of Just Group plc (basic)** | 117 | 1,032 | 11.3 |
| Effect of potentially dilutive share options | – | 17 | (0.1) |
| **Diluted profit attributable to ordinary equity holders of Just Group plc** | 117 | 1,049 | 11.2 |

## 7. DIVIDENDS AND APPROPRIATIONS

Dividends and appropriations paid in the period were as follows:

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m | Year ended 31 December 2023 £m |
|---|---|---|---|
| **Final dividend** | | | |
| Final dividend in respect of prior year end | **16** | 13 | 13 |
| **Interim dividend** | | | |
| Interim dividend in respect of current year end | **-** | - | 6 |
| **Total dividends paid** | **16** | 13 | 19 |
| Coupon payments in respect of Tier 1 notes[1] | **8** | 8 | 16 |
| **Total distributions to equity holders in the period** | **24** | 21 | 35 |

[1] Coupon payments on Tier 1 notes are treated as an appropriation of retained profits and, accordingly, are accounted for when paid.

A final dividend in respect of 2023 of 1.50 pence per ordinary share was declared in March 2024 and paid on 15 May 2024. The final dividend recognised within the HY and FY 2023 results above represented a dividend of 1.23 pence per ordinary share and paid on 17 May 2023.

In addition to the amounts recognised in the Condensed consolidated interim financial statements above, subsequent to 30 June 2024, the Directors approved an interim dividend for 2024 of 0.7 pence per ordinary share, amounting to £7m in total, which will be paid on 4 October 2024. The interim dividend paid in 2023 was 0.58 pence per ordinary share, which resulted in a payment of £6m on 4 October 2023.

## 8. FINANCIAL INVESTMENTS

The Group's financial investments that are measured at fair value through the profit or loss are either managed within a fair value business model, or mandatorily measured at fair value. The Group's financial investments that are measured at amortised cost are held within a business model where the intention of holding the instruments is to collect solely payments of principal and interest.

The table below summarises the classification of the Group's financial assets and liabilities.

### Analysis of financial investments

| | 30 June 2024 £m | 31 December 2023 £m | 30 June 2023 £m |
|---|---|---|---|
| Units in liquidity funds | **1,471** | 1,141 | 1,205 |
| Investment funds | **510** | 495 | 440 |
| Debt securities and other fixed income securities | **14,358** | 13,654 | 11,781 |
| Deposits with credit institutions | **621** | 706 | 749 |
| Loans secured by commercial mortgages | **800** | 764 | 629 |
| Long income real estate[1] | **758** | 779 | 647 |
| Infrastructure loans | **1,088** | 1,113 | 1,057 |
| Other loans | **183** | 164 | 139 |
| **Total investments measured at FVTPL - designated** | **19,789** | 18,816 | 16,647 |
| Loans secured by residential mortgages | **5,554** | 5,681 | 5,177 |
| Derivative financial assets | **2,343** | 2,377 | 2,366 |
| **Total investments measured at FVTPL - mandatory** | **7,897** | 8,058 | 7,543 |
| Gilts - subject to repurchase agreements | **3,343** | 2,549 | 1,971 |
| **Total investments measured at amortised cost** | **3,343** | 2,549 | 1,971 |
| **Total financial investments** | **31,029** | 29,423 | 26,161 |

1 Includes £163m (FY23: £176m) residential and £595m (FY23: 603m) commercial ground rents at 30 June 2024.

Units in liquidity funds comprise wholly of units in funds which invest in very short dated liquid assets. However as they do not meet the definition of Cash available on demand, liquidity funds are reported within Financial investments. Liquidity funds do however meet the definition of cash equivalents for the purposes of disclosure in the Condensed consolidated statement of cash flows.

The majority of investments included in debt securities and other fixed income securities are listed investments. The Group also originates illiquid fixed income assets including infrastructure, real estate and private placements. Long income real estate investments are typically much longer duration and hence the cash flow profile is more appropriate to match DB deferred liabilities.

Deposits with credit institutions with a carrying value of £621m (31 December 2023: £706m / 30 June 2023: £734m) have been pledged as collateral in respect of the Group's derivative and repurchase agreement financial instruments. Amounts pledged as collateral are deposited with the derivative or repurchase agreement counterparty.

Derivatives are reported within Financial investments where the derivative valuation is in an asset position, or alternatively within Payables and other financial liabilities where the derivative is in a liability position.

During H1 2023 the Group first established an amortised cost portfolio; the Group has now invested over £3bn in long dated gilts that are held within this portfolio, to significantly reduce the Solvency II coverage ratio sensitivity to future interest rate movements, with a much reduced volatility on the IFRS position.

## 9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

This note explains the methodology for valuing the Group's financial assets and liabilities fair value, including financial investments, and provides disclosures in accordance with IFRS 13 "Fair value measurement" including an analysis of such assets and liabilities categorised in a fair value hierarchy based on market observability of valuation inputs.

### (a) Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the Condensed consolidated interim financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

**Level 1**

Inputs to Level 1 fair values are unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date.

**Level 2**

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include the following:

- quoted prices for similar assets and liabilities in active markets;
- quoted prices for identical assets or similar assets in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which very little information is released publicly;
- inputs other than quoted prices that are observable for the asset or liability; and
- market-corroborated inputs.

**Level 3**

Inputs to Level 3 fair values include significant unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Unobservable inputs reflect the same assumptions as those that the market participant would use in pricing the asset or liability including those about risk.

The sensitivity of Level 3 investments to reasonably possible alternative assumptions for unobservable inputs used in the valuation model that could give rise to significant changes in the fair value of the assets is included in section (d). The sensitivities in this note only consider the impact of the change in these assumptions on the fair value of the asset. Some of these sensitivities would also impact the yield on assets and hence the valuation discount rate used to determine insurance contract liabilities.

**Assessment of the observability of pricing information**

All assets classified as Level 1 and 2 are valued using observable market data from standard market pricing sources such as Bloomberg.

Debt securities and financial derivatives categorised as Level 1 and Level 2 are valued using observable data, either directly (as prices) or indirectly (derived from prices). The pricing data for the Level 2 instruments undergoes expert review to determine its quality. For instance, the pricing data is sourced from multiple external sources (such as Bloomberg and Thompson Reuters) and is subject to several monitoring controls, such as monthly price variances, stale price reviews and variance analysis. If the data quality is not sufficiently high, the instrument is reassigned to Level 3.

If Bloomberg's pricing service (BVAL) assigns a low score to the pricing data provided by brokers/asset managers, the instruments are then classified as Level 3.

The Group's assets and liabilities held at fair value, which are valued using valuation techniques for which observable market data are not available and classified as Level 3, include loans secured by mortgages, long-income real estate, infrastructure loans, private placement debt securities, investment funds, other loans and also the Group's investment contract liabilities.

## (b) Analysis of assets and liabilities held at fair value according to fair value hierarchy

| | 30 June 2024 | | | | 31 December 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Level 1 £m** | **Level 2 £m** | **Level 3 £m** | **Total £m** | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
| **Assets held at fair value through profit or loss** | | | | | | | | |
| Units in liquidity funds | **1,466** | **5** | **-** | **1,471** | 1,135 | 6 | – | 1,141 |
| Investment funds | **-** | **112** | **398** | **510** | – | 97 | 398 | 495 |
| Debt securities and other fixed income securities | **5,701** | **5,212** | **3,445** | **14,358** | 4,941 | 5,799 | 2,914 | 13,654 |
| Deposits with credit institutions | **621** | **-** | **-** | **621** | 706 | – | – | 706 |
| Loans secured by commercial mortgages | **-** | **-** | **800** | **800** | – | – | 764 | 764 |
| Long income real estate | **-** | **-** | **758** | **758** | – | – | 779 | 779 |
| Infrastructure loans | **-** | **-** | **1,088** | **1,088** | – | – | 1,113 | 1,113 |
| Other loans | **-** | **53** | **130** | **183** | – | 41 | 123 | 164 |
| Loans secured by residential mortgages | **-** | **-** | **5,554** | **5,554** | – | – | 5,681 | 5,681 |
| Derivative financial assets | **-** | **2,343** | **-** | **2,343** | – | 2,377 | – | 2,377 |
| **Financial investments** | **7,788** | **7,725** | **12,173** | **27,686** | 6,782 | 8,320 | 11,772 | 26,874 |
| Investment property | **-** | **-** | **27** | **27** | – | – | 32 | 32 |
| **Fair value of financial assets held at amortised cost** | | | | | | | | |
| Gilts – subject to repurchase agreements (fair value) | **3,213** | **-** | **-** | **3,213** | 2,614 | – | – | 2,614 |
| **Total financial assets and investment property** | **11,001** | **7,725** | **12,200** | **30,926** | 9,396 | 8,320 | 11,804 | 29,520 |
| **Liabilities held at fair value** | | | | | | | | |
| Investment contract liabilities | **-** | **-** | **38** | **38** | – | – | 35 | 35 |
| Derivative financial liabilities | **-** | **2,369** | **10** | **2,379** | – | 2,473 | 14 | 2,487 |
| **Fair value of financial liabilities at amortised cost** | | | | | | | | |
| Obligations for repayment of cash collateral received (fair value) | **690** | **-** | **-** | **690** | 511 | 21 | – | 532 |
| Loans and borrowings at amortised cost (fair value) | **-** | **706** | **-** | **706** | – | 694 | – | 694 |
| Repurchase obligation (fair value) | **-** | **3,332** | **-** | **3,332** | – | 2,569 | – | 2,569 |
| **Total financial liabilities** | **690** | **6,407** | **48** | **7,145** | 511 | 5,757 | 49 | 6,317 |

| | 30 June 2023 | | | |
|---|---|---|---|---|
| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
| **Assets held at fair value through profit or loss** | | | | |
| Units in liquidity funds | 1,200 | 5 | - | 1,205 |
| Investment funds | - | 86 | 354 | 440 |
| Debt securities and other fixed income securities | 3,012 | 6,951 | 1,818 | 11,781 |
| Deposits with credit institutions | 733 | 16 | - | 749 |
| Loans secured by commercial mortgages | - | - | 629 | 629 |
| Long income real estate | - | - | 647 | 647 |
| Infrastructure loans | - | - | 1,057 | 1,057 |
| Other loans | - | 27 | 112 | 139 |
| Loans secured by residential mortgages | - | - | 5,177 | 5,177 |
| Derivative financial assets | - | 2,366 | - | 2,366 |
| **Financial investments** | 4,945 | 9,451 | 9,794 | 24,190 |
| Investment property | - | - | 40 | 40 |
| **Fair value of financial assets held at amortised cost** | | | | |
| Gilts – subject to repurchase agreements (fair value) | 1,965 | - | - | 1,965 |
| **Total financial assets and investment property** | 6,910 | 9,451 | 9,834 | 26,195 |
| **Liabilities held at fair value** | | | | |
| Investment contract liabilities | - | - | 29 | 29 |
| Derivative financial liabilities | - | 2,700 | 13 | 2,713 |
| **Fair value of financial liabilities at amortised cost** | | | | |
| Obligations for repayment of cash collateral received (fair value) | 654 | 43 | - | 697 |
| Loans and borrowings at amortised cost (fair value) | - | 706 | - | 706 |
| Repurchase obligation (fair value) | - | 1,915 | - | 1,915 |
| **Total financial liabilities** | 654 | 5,364 | 42 | 6,060 |

## (c) Transfers between levels

The Group's policy is to assess pricing source changes and determine transfers between levels as of the end of each half-yearly reporting period. Transfers between levels arise from changes in the pricing sources. During the period there were the following transfers between levels:

- Transfers from Level 2 to Level 1 as a result of improved pricing sources were £1,126m (31 December 2023: £1,492m / 30 June 2023: nil)
- Transfers from Level 1 to Level 2 due to a fall in pricing quality were £314m (31 December 2023: £279m / 30 June 2023: nil)

## (d) Level 3 assets and liabilities measured at fair value

Reconciliation of the opening and closing recorded amount of Level 3 assets and liabilities held at fair value.

| **Six months ended 30 June 2024** | **Investment funds £m** | **Debt securities and other fixed income securities £m** | **Loans secured by commercial mortgages £m** | **Long income real estate £m** | **Infra-structure loans £m** | **Other loans £m** | **Loans secured by residential mortgages £m** | **Investment contract liabilities £m** | **Derivative financial liabilities £m** |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2024 | **398** | **2,914** | **764** | **779** | **1,113** | **123** | **5,681** | **(35)** | **(14)** |
| Purchases/advances/ deposits | **20** | **1,027** | **117** | **24** | **25** | **-** | **115** | **(7)** | **-** |
| Transfers to Level 3 | **-** | **106** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Transfers from Level 3 | **-** | **(384)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Sales/redemptions/ payments | **(38)** | **(75)** | **(68)** | **(7)** | **(22)** | **-** | **(167)** | **4** | **-** |
| Recognised in profit or loss in investment return | | | | | | | | | |
| - Realised gains and losses | **-** | **-** | **-** | **-** | **-** | **-** | **66** | **-** | **-** |
| - Unrealised gains and losses | **18** | **(146)** | **(13)** | **(38)** | **(28)** | **2** | **(239)** | **-** | **4** |
| Interest accrued | **-** | **3** | **-** | **-** | **-** | **5** | **98** | **-** | **-** |
| Change in fair value of liabilities recognised in profit or loss | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| At 30 June 2024 | **398** | **3,445** | **800** | **758** | **1,088** | **130** | **5,554** | **(38)** | **(10)** |

| Year ended 31 December 2023 | Investment funds £m | Debt securities and other fixed income securities £m | Loans secured by commercial mortgages £m | Long income real estate £m | Infra-structure loans £m | Other loans £m | Loans secured by residential mortgages £m | Investment contract liabilities £m | Derivative financial liabilities £m |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 338 | 1,605 | 584 | 247 | 948 | 112 | 5,306 | (33) | (42) |
| Purchases/advances/ deposits | 56 | 1,195 | 256 | 529 | 138 | 17 | 186 | (12) | - |
| Transfers to Level 3 | - | 157 | - | - | - | - | - | - | - |
| Transfers from Level 3 | - | (15) | - | - | - | - | - | - | - |
| Sales/redemptions/ payments | 4 | (116) | (110) | (4) | (50) | - | (342) | 1 | 23 |
| Recognised in profit or loss in investment return | | | | | | | | | |
| - Realised gains and losses | - | - | - | - | - | - | 122 | - | - |
| - Unrealised gains and losses | - | 93 | 32 | 7 | 72 | (16) | 164 | - | 5 |
| Interest accrued | - | (5) | 2 | - | 5 | 10 | 245 | - | - |
| Change in fair value of liabilities recognised in profit or loss | - | - | - | - | - | - | - | 9 | - |
| At 31 December 2023 | 398 | 2,914 | 764 | 779 | 1,113 | 123 | 5,681 | (35) | (14) |

| Six months ended 30 June 2023 | Investment funds £m | Debt securities and other fixed income securities £m | Loans secured by commercial mortgages £m | Long income real estate £m | Infra-structure loans £m | Other loans £m | Loans secured by residential mortgages £m | Investment contract liabilities £m | Derivative financial liabilities £m |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 338 | 1,605 | 584 | 247 | 948 | 112 | 5,306 | (33) | (42) |
| Purchases/advances/ deposits | 36 | 320 | 96 | 434 | 138 | 6 | 87 | (4) | - |
| Sales/redemptions/ payments | (16) | (28) | (43) | (3) | (16) | - | (162) | - | - |
| Recognised in profit or loss in investment return | | | | | | | | | |
| - Realised gains and losses | - | - | - | - | - | - | 56 | - | 21 |
| - Unrealised gains and losses[1] | (4) | (68) | (8) | (31) | (13) | (6) | (238) | - | 8 |
| Interest accrued | - | (11) | - | - | - | - | 128 | - | - |
| Change in fair value of liabilities recognised in profit or loss | - | - | - | - | - | - | - | 8 | - |
| At 30 June 2023 | 354 | 1,818 | 629 | 647 | 1,057 | 112 | 5,177 | (29) | (13) |

## Investment funds

Investment funds classified as Level 3 are structured entities that operate under contractual arrangements which allow a group of investors to invest in a pool of corporate loans without any one investor having overall control of the entity.

**Principal assumptions underlying the calculation of investment funds classified as Level 3**

*Discount rate*

Discount rates are the most significant assumption applied in calculating the fair value of investment funds. The average discount rate used is 10% (31 December 2023 and 30 June 2023: 10%).

**Sensitivity analysis**

The sensitivity of the fair value of investment funds to changes in the discount rate assumptions is not material.

## Debt securities and other fixed income securities

In line with market practice, fixed-income securities are generally valued using independent pricing services such as Bloomberg and Thompson Reuters. When pricing data is unavailable from pricing services, prices are sourced from external asset managers or internal models and classified as Level 3 under the fair value hierarchy due to the use of significant unobservable inputs. These include private placement bonds, asset backed securities and less liquid corporate bonds.

**Principal assumptions underlying the calculation of the debt securities and other fixed income securities classified as Level 3**

*Credit spreads*

The valuation model discounts the expected future cash flows using a discount rate which includes a credit spread allowance associated with that asset.

**Sensitivity analysis**

Reasonably possible alternative assumptions for unobservable inputs used in the valuation model either as at the valuation date or from a suitable recent reporting period where appropriate to do so could give rise to significant changes in the fair value of the assets. The sensitivity of the valuation of bonds is determined by reference to movement in credit spreads. The Group has estimated the impact on fair value to changes to these inputs as follows:

| **Debt securities and other fixed income securities** net increase/(decrease) in fair value (£m) | Credit spreads +100bps |
|---|---|
| **30 June 2024** | **(271)** |
| 31 December 2023 | (293) |
| 30 June 2023 | (131) |

## Loans secured by residential mortgages

**Methodology and judgement underlying the calculation of loans secured by residential mortgages**

The valuation of loans secured by residential mortgages is determined using internal models which project future cash flows expected to arise from each loan. Future cash flows allow for assumptions relating to future expenses, future mortality experience, voluntary redemptions and repayment shortfalls on redemption of the mortgages due to the NNEG. The fair value is calculated by discounting the future cash flows at a swap rate plus a liquidity premium.

Under the NNEG, the amount recoverable by the Group on eligible termination of mortgages is capped at the net sale proceeds of the property. A key judgement is with regard to the calculation approach used. The Black 76 variant of the Black Scholes option pricing model has been used in conjunction with an approach using best estimate future house price growth assumptions.

Cash flow models are used in the absence of a deep and liquid market for loans secured by residential mortgages. The bulk sales of the portfolios of Just LTMs in recent years represented market prices specific to the characteristics of the underlying portfolios of loans sold, in particular: loan rates; loan-to-value ratios; and customer age. This was considered insufficient to affect the judgement of the methodology and assumptions underlying the discounted cash flow approach used to value individual loans in the remaining portfolio. The methodology and assumptions used would be reconsidered if any information is obtained from future portfolio sales that is relevant and applicable to the remaining portfolio.

**Principal assumptions underlying the calculation of loans secured by residential mortgages**

All gains and losses arising from loans secured by mortgages are largely dependent on the term of the mortgage, which in turn is determined by the longevity of the customer. Principal assumptions underlying the calculation of loans secured by mortgages include the items set out below. These assumptions are also used to provide the expected cash flows from the loans secured by residential mortgages which determine the yield on this asset. This yield is used for the purpose of setting valuation discount rates on the liabilities supported, as described in note 12.

*Maintenance expenses*
Assumptions for future policy expense levels are based on the Group's recent expense analyses. The assumed future expense levels incorporate an annual inflation rate allowance of 3.7% (31 December 2023: 3.6% / 30 June 2023: 4.0%).

*Mortality*
Mortality assumptions have been derived with reference to England and Wales population mortality using the CMI 2022 model for mortality improvements. These base mortality and improvement tables have been adjusted to reflect the expected future mortality experience of mortgage contract holders, taking into account the medical and lifestyle evidence collected during the sales process and the Group's assessment of how this experience will develop in the future. This assessment takes into consideration relevant industry and population studies, published research materials and management's own experience. The Group has considered the possible impact of the COVID-19 pandemic on its mortality assumptions and has included an allowance for the expected future direct and indirect impacts of this and wider UK mortality trends, which remains unchanged from 31 December 2023. Further details of the matters considered in relation to mortality assumptions at 30 June 2024 are set out in note 12.

*Property prices*
The approach in place at 30 June 2024, which is the same as at 31 December 2023, is to calculate the value of a property by taking the latest Automated Valuation Model "AVM" result, or latest surveyor value if more recent, indexing this to the balance sheet date using Nationwide UK house price indices and then making a further allowance for property dilapidation since the last revaluation date. To the extent that this reflects market values as at 30 June 2024, no additional short-term adjustment is allowed for.

The appropriateness of this valuation basis is regularly tested on the event of redemption of mortgages. The sensitivity of loans secured by mortgages to a fall in property prices is included in the table of sensitivities below.

*Future property price*
In the absence of a reliable long-term forward curve for UK residential property price inflation, the Group has made an assumption about future residential property price inflation based upon available market and industry data. These assumptions have been derived with reference to the long-term expectation of the UK consumer price index inflation metric, "CPI", plus an allowance for the expectation of house price growth above CPI (property risk premium) less a margin for a combination of risks including property dilapidation and basis risk. An additional allowance is made for the volatility of future property prices. This results in a single rate of future house price growth of 3.3% (31 December 2023: 3.3% / 30 June 2023: 3.3%), with a volatility assumption of 13% per annum (31 December 2023: 13% / 30 June 2023: 13%). The setting of these assumptions includes consideration of future long and short-term forecasts, the Group's historical experience, benchmarking data, and future uncertainties including the possible impacts of the COVID-19 pandemic and a higher interest and inflation rate economic environment on the UK property market. Increases in house price indices have been observed over the year to date, albeit this only represents a short time period in relation to the long-term assumption being considered here. As such, at this stage our view is that there is no clear indication of a change in the long-term prospects of the housing market. In light of this, the future house price growth and property volatility assumptions have been maintained at the same level as assumed at 31 December 2023. The sensitivity of loans secured by mortgages to changes in future property price growth is included in the table of sensitivities below.

*Voluntary redemptions*
Assumptions for future voluntary redemption levels are based on the Group's recent analyses. The assumed redemption rate varies by duration and product line between 0.5% and 4.1% for loans in Just Retirement Limited ("JRL") (31 December 2023: between 0.5% and 4.1% / 30 June 2023: between 0.5% and 4.1%) and between 0.6% and 6.8% for loans in Partnership Life Assurance Company Limited ("PLACL") (31 December 2023: between 0.6% and 6.8% / 30 June 2023: between 0.6% and 6.8%).

*Liquidity premium*
The liquidity premium at initial recognition is set such that the fair value of each loan is equal to the face value of the loan. The liquidity premium partly reflects the illiquidity of the loan and also spreads the recognition of profit over the lifetime of the loan. Once calculated, the liquidity premium remains unchanged at future valuations except when further advances are taken out. In this situation, the single liquidity premium to apply to that loan is recalculated allowing for all advances. The average liquidity premium for loans held within JRL is 3.2% (31 December 2023: 3.2% / 30 June 2023: 3.1%) and for loans held within PLACL is 3.4% (31 December 2023: 3.3% / 30 June 2023: 3.4%). The movement over the period observed in both JRL and PLACL is a function of the liquidity premiums on new loan originations compared to the liquidity premiums on those policies which have redeemed over the period, both in reference to the average spread on the back book of business.

**Sensitivity analysis**
Reasonably possible alternative assumptions for unobservable inputs used in the valuation model could give rise to significant changes in the fair value of the assets. The Group has estimated the impact on fair value to changes to these inputs as follows:

| **Loans secured by residential mortgages** net increase/(decrease) in fair value (£m) | Base mortality -5% | Immediate property price fall -10% | Future property price growth -0.5% | Liquidity premium +10bps |
|---|---|---|---|---|
| **30 June 2024** | **(17)** | **(80)** | **(48)** | **(47)** |
| 31 December 2023 | (15) | (83) | (50) | (49) |
| 30 June 2023 | (12) | (84) | (53) | (50) |

The sensitivity factors are applied via financial models either as at the valuation date or from a suitable recent reporting period where appropriate to do so. The analysis has been prepared for a change in each variable with other assumptions remaining constant. In reality such an occurrence is unlikely due to correlation between the assumptions and other factors. It should be noted that some of these sensitivities are non-linear and larger or smaller impacts should not be simply interpolated or extrapolated from these results. For example, the impact from a 5% fall in property prices would be slightly less than half of that disclosed in the table above.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represents the Group's view of reasonably possible near-term market changes that cannot be predicted with any certainty.

## Loans secured by commercial mortgages
Loans secured by commercial mortgages are valued using discounted cash flow analysis using assumptions based on the repayment of the underlying loan.

**Principal assumptions underlying the calculation of loans secured by commercial mortgages**
*Credit spreads*
The valuation model discounts the expected future cash flows using a discount rate which includes a credit spread allowance associated with that asset.

**Sensitivity analysis**
Reasonably possible alternative assumptions for unobservable inputs used in the valuation model either as at the valuation date or from a suitable recent reporting period where appropriate to do so could give rise to significant changes in the fair value of the assets. The sensitivity of the valuation of commercial mortgages is determined by reference to movement in credit spreads. The Group has estimated the impact on fair value to changes to these inputs as follows:

| **Loans secured by commercial mortgages** net increase/(decrease) in fair value (£m) | Credit spreads +100bps |
|---|---|
| **30 June 2024** | **(29)** |
| 31 December 2023 | (27) |
| 30 June 2023 | (20) |

## Long income real estate
Long income real estate is valued using discounted cash flow analysis using assumptions based on the repayment of the underlying loan.

**Principal assumptions underlying the calculation of long income real estate**
In determining the credit spreads for the valuation of residential ground rents, the Group has taken a market participant approach, which requires consideration of the assumptions, including those about risk, that a market participant would make at the balance sheet date for valuing such assets. The Group notes the significant uncertainty regarding the outcome of the previous Government consultation and recent King's Speech regarding restriction of residential ground rents as explained in the Risk Management Risk Outlook section and in note 16. The group included an adjustment to the valuation of its residential ground rents portfolio in the 2023 Annual Report and Accounts to reflect this uncertainty in the fair value that a market participant would be willing to exchange such assets. The value of these assets was adjusted to reflect an expected increase in credit spread and consequential increase the credit risk deduction for defaults. The Group has not made any change to this adjustment as at 30 June 2024.

*Credit spreads*
The valuation model discounts the expected future cash flows using a discount rate which includes a credit spread allowance associated with that asset.

**Sensitivity analysis**
Reasonably possible alternative assumptions for long income real estate are a +100 basis point change in credit spreads. As explained in note 16, the Group continues to monitor the new Government's agenda regarding residential ground rents. The Group has performed additional sensitivity analysis over the residential ground rents within the long income real estate portfolio. The sensitivity of residential ground rents to more significant adverse changes in credit quality has been evaluated in light of the potential scenarios proposed in the previous Government consultation. An additional sensitivity has been performed under the scenario that the credit rating of the Group's holding in residential ground rents reduces to BBB.

Reasonably possible alternative assumptions for unobservable inputs used in the valuation model either as at the valuation date or from a suitable recent reporting period where appropriate to do so could give rise to significant changes in the fair value of the assets. The sensitivity of the valuation of ground rents is determined by reference to movement in credit spreads. The Group has estimated the impact on fair value to changes to these inputs as follows:

| **Long income real estate** net increase/(decrease) in fair value (£m) | Credit spreads +100bps | Residential ground rent downgraded to BBB |
|---|---|---|
| **30 June 2024** | **(150)** | **(11)** |
| 31 December 2023 | (158) | (11) |
| 30 June 2023 | (143) | N/A |

## Infrastructure loans
Infrastructure loans are valued using discounted cash flow analyses.

**Principal assumptions underlying the calculation of infrastructure loans classified at Level 3**
*Credit spreads*
The valuation model discounts the expected future cash flows using a discount rate which includes a credit spread allowance associated with that asset.

***Sensitivity analysis***
Reasonably possible alternative assumptions for unobservable inputs used in the valuation model either as at the valuation date or from a suitable recent reporting period where appropriate to do so could give rise to significant changes in the fair value of the assets. The sensitivity of the valuation of infrastructure loans is determined by reference to movement in credit spreads. The Group has estimated the impact on fair value to changes to these inputs as follows:

| **Infrastructure loans** net increase/(decrease) in fair value (£m) | Credit spreads +100bps |
|---|---|
| **30 June 2024** | **(78)** |
| 31 December 2023 | (78) |
| 30 June 2023 | (72) |

## Other loans
Other loans classified as Level 3 are mainly commodity trade finance loans. These are valued using discounted cash flow analyses.

**Principal assumptions underlying the calculation of other loans classified at Level 3**
*Credit spreads*
The valuation model discounts the expected future cash flows using a discount rate which includes a credit spread allowance associated with that asset.

**Sensitivity analysis**
The sensitivity of fair value to changes in credit spread assumptions in respect of other loans is not material.

### Investment contract liabilities

Investment contracts written by JRL are valued using an internal model and determined on a policy-by-policy basis using a prospective valuation of future retirement income benefit and expense cash flows.

**Principal assumptions underlying the calculation of investment contract liabilities**

*Valuation discount rates*

The valuation model discounts the expected future cash flows using a discount rate derived from the assets hypothecated to back the liabilities. The discount rate used for the fixed term annuity product treated as investment business is based on a curve where 6.93% (31 December 2023: 6.88% / 30 June 2023: 8.18%) is the 1 year rate and 5.99% (31 December 2023: 5.47% / 30 June 2023: 7.31%) is the 5 year rate.

**Sensitivity analysis**

The sensitivity of fair value to changes in the discount rate assumptions in respect of investment contract liabilities is not material and is linked to the value of the contract.

## 10. SHARE CAPITAL AND SHARE PREMIUM

The allotted, issued and fully paid ordinary share capital of Just Group plc is detailed below:

| | Number of £0.10 ordinary shares | Share capital £m | Share premium £m |
|---|---|---|---|
| **At 1 January 2024** | **1,038,702,932** | **104** | **95** |
| **At 30 June 2024** | **1,038,702,932** | **104** | **95** |
| | | | |
| At 1 January 2023 | 1,038,702,932 | 104 | 95 |
| At 31 December 2023 | 1,038,702,932 | 104 | 95 |
| | | | |
| At 1 January 2023 | 1,038,702,932 | 104 | 95 |
| At 30 June 2023 | 1,038,702,932 | 104 | 95 |

The company does not have a limited amount of authorised share capital.

## 11. TIER 1 NOTES

| | **30 June 2024 £m** | 31 December 2023 £m | 30 June 2023 £m |
|---|---|---|---|
| **At start and end of period** | **322** | 322 | 322 |

On 16 September 2021 the Group issued £325m 5.0% perpetual restricted Tier 1 contingent convertible notes, incurring issue costs of £3m.

During the period, interest of £8m was paid to holders of the Tier 1 notes (31 December 2023: £16m, 30 June 2023: £8m). The Tier 1 notes bear interest on the principal amount up to 30 September 2031 (the first reset date) at the rate of 5.0% per annum, and thereafter at a fixed rate of interest reset on the first call date and on each fifth anniversary thereafter. Interest is payable on the Tier 1 notes semi-annually in arrears on 30 March and 30 September each year which commenced on 30 March 2022.

The Group has the option to cancel the coupon payment at its discretion and cancellation of the coupon payment becomes mandatory upon non-compliance with the solvency capital requirement or minimum capital requirement or where the Group has insufficient distributable funds. Cancelled coupon payments do not accumulate or become payable at a later date and do not constitute a default. In the event of non-compliance with specific solvency requirements, the conversion of the Tier 1 notes into ordinary shares could be triggered.

The Tier 1 notes are treated as a separate category within equity and the coupon payments are recognised outside of the profit after tax result and as a deduction directly from shareholders' equity.

## 12. INSURANCE CONTRACTS AND RELATED REINSURANCE

| | **30 June 2024 £m** | 31 December 2023 £m | 30 June 2023 £m |
|---|---|---|---|
| **Gross insurance liabilities** | **24,794** | 24,131 | 20,606 |
| Reinsurance contract assets | **(1,108)** | (1,143) | (719) |
| Reinsurance contract liabilities | **79** | 125 | 103 |
| **Net reinsurance contracts** | **(1,029)** | (1,018) | (616) |
| **Net insurance liabilities** | **23,765** | 23,113 | 19,990 |

Insurance liabilities and reinsurance assets and liabilities include valuation of the Best estimate of the present value of future cash flows, the Risk adjustment for non-financial risk and the Contractual service margin. A summary of the movement in insurance liabilities and net reinsurance contracts is presented below.

| | **Six months ended 30 June 2024** | | | Year ended 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | **Gross £m** | **Net Reinsurance £m** | **Net £m** | Gross £m | Net Reinsurance £m | Net £m |
| Best estimate | **20,758** | **64** | **20,822** | 17,030 | 76 | 17,106 |
| Risk adjustment | **924** | **(592)** | **332** | 674 | (399) | 275 |
| CSM | **2,449** | **(490)** | **1,959** | 1,943 | (332) | 1,611 |
| **Net opening balance** | **24,131** | **(1,018)** | **23,113** | 19,647 | (655) | 18,992 |
| CSM recognised for services provided | **(86)** | **11** | **(75)** | (156) | 27 | (129) |
| CSM accretion | **54** | **(12)** | **42** | 79 | (12) | 67 |
| Other movements in the CSM | **167** | **59** | **226** | 583 | (173) | 410 |
| Release from risk adjustment | **(5)** | **2** | **(3)** | (11) | 4 | (7) |
| Other movements in risk adjustment | **25** | **(27)** | **(2)** | 261 | (197) | 64 |
| Movements in best estimate | **508** | **(44)** | **464** | 3,728 | (12) | 3,716 |
| **Net closing balance** | **24,794** | **(1,029)** | **23,765** | 24,131 | (1,018) | 23,113 |
| Best estimate | **21,266** | **20** | **21,286** | 20,758 | 64 | 20,822 |
| Risk adjustment | **944** | **(617)** | **327** | 924 | (592) | 332 |
| CSM | **2,584** | **(432)** | **2,152** | 2,449 | (490) | 1,959 |
| **Net closing balance** | **24,794** | **(1,029)** | **23,765** | 24,131 | (1,018) | 23,113 |

| | Six months ended 30 June 2023 | | |
|---|---|---|---|
| | Gross £m | Net Reinsurance £m | Net £m |
| Best estimate | 17,030 | 76 | 17,106 |
| Risk adjustment | 674 | (399) | 275 |
| CSM | 1,943 | (332) | 1,611 |
| **Net opening balance** | 19,647 | (655) | 18,992 |
| CSM recognised for services provided | (67) | 11 | (56) |
| CSM accretion | 34 | (7) | 27 |
| Other movements in the CSM | 137 | 21 | 158 |
| Release from risk adjustment | (7) | 2 | (5) |
| Other movements in risk adjustment | 38 | (40) | (2) |
| Movements in best estimate | 824 | 52 | 876 |
| **Net closing balance** | 20,606 | (616) | 19,990 |
| Best estimate | 17,854 | 128 | 17,982 |
| Risk adjustment | 705 | (437) | 268 |
| CSM | 2,047 | (307) | 1,740 |
| **Net closing balance** | 20,606 | (616) | 19,990 |

The detailed movements analysis of insurance liabilities and reinsurance assets and liabilities are presented in note 12 (c) and (d) respectively. The movements include the CSM split between contracts under the Fair Value Approach ("FVA") and other contracts, including those measured under the Fully Retrospective Approach ("FRA") at transition to IFRS 17 and new contracts since transition to IFRS 17.

## (a) Terms and conditions of insurance and reinsurance contracts

The Group's long-term insurance contracts include Retirement Income (Defined Benefit, Guaranteed Income for Life, and Care Plans), and whole of life and term protection insurance.

Although the process for the establishment of insurance liabilities follows specified rules and guidelines, the liabilities that result from the process remain uncertain. As a consequence of this uncertainty, the eventual value of claims could vary from the amounts provided to cover future claims.

The estimation process used in determining insurance liabilities involves projecting future annuity payments and the cost of maintaining the contracts.

The Group uses reinsurance as an integral part of its risk and capital management activities. New business is reinsured via longevity swap and quota share arrangements. The percentage of new business reinsured over HY24 is consistent with 2023:

- GIfL was reinsured using longevity swap reinsurance at 90%
- DB was reinsured using longevity swap reinsurance at c.90% for future cashflows excluding tax free cash

## (b) Measurement of insurance contracts

The estimation process used in determining insurance liabilities involves projecting future annuity payments and the cost of maintaining the contracts.

**Mortality assumptions**

Mortality assumptions have been set by reference to appropriate standard CMI 2022 mortality improvements tables, adjusted to reflect the future mortality experience of the policyholders, taking into account the medical and lifestyle evidence collected during the underwriting process, premium size, gender and the Group's assessment of how this experience will develop in the future. This assessment takes into consideration relevant industry and population studies, published research materials, and management's own industry experience.

The Group has made a small adjustment to the base mortality assumptions on JRL GIfL PrognoSys™ annuities since 31 December 2023 reflecting emerging mortality experience, as those lives with no medical conditions at underwriting are showing slightly higher mortality experience than expected and those lives with medical conditions at underwriting are showing lighter mortality experience. These adjustments will be reviewed at the year end as the Group considers the level and shape of excess mortality associated with major medical conditions.

Mortality experience has been volatile and at times significantly higher in aggregate than expected since March 2020 due to the COVID-19 pandemic. The Group continues to make an explicit allowance in the Group's mortality assumptions to reflect the emerging evidence of the future impacts of COVID infections and continuing and likely long-lasting disruption to healthcare services. This allowance is unchanged from 31 December 2023.

The Group will continue to follow closely the actual impact of COVID-19 on mortality and separately consider the direct and indirect future impacts of the pandemic. The Group will consider the conclusions of such analysis, alongside assessment of other factors influencing mortality trends, in keeping its assumptions under regular review.

**Discount rates**

All cash flows are discounted using investment yield curves adjusted to allow for expected and unexpected credit risk. For non-lifetime mortgage assets, this adjustment is comprised of an element based upon historic default experience and an element based upon current spread levels where both elements are relevant to the asset in question. The yields on lifetime mortgage assets are derived using the assumptions described in note 9 with an additional reduction to the future house price growth rate of 50bps (31 December 2023: 50bps / 30 June 2023: 50bps) allowed for.

The overall reduction in yield to allow for the risk of defaults from all non-LTM assets (including gilts, corporate bonds, infrastructure loans, private placements and commercial mortgages) and the adjustment from LTMs, which included a combination of the NNEG and the additional reduction to future house price growth rate, was 55bps for JRL (31 December 2023: 58bps / 30 June 2023: 59bps). During the period, for PLACL we have aligned the presentation of this reduction in yield with that of the JRL assumption. The PLACL assumption is 88bps (31 December 2023: 88bps / 30 June 2023: 86bps on an equivalent basis).

Discount rates at the inception of each contract are based on the yields within a hypothetical reference portfolio of assets which the Group expects to acquire to back the portfolio of new insurance liabilities (the "target portfolio"). A weighted average of these discount rate curves is determined for the purpose of calculating movements in the CSM relating to each group of contracts.

At each valuation date, the estimate of the present value of future liability cash flows and the risk adjustment for non-financial risks are discounted using the yields from a reference portfolio based upon the actual asset portfolio backing the net of reinsurance best estimate liabilities and risk adjustment. The reference portfolio is adjusted in respect of new contracts incepting in the period to allow for a period of transition from the actual asset holdings to the target portfolio where necessary. Typically, this period of transition can be up to six months but is dependent on the volume of new business transactions completed.

The target asset portfolio seeks to select the appropriate mix of assets to match the underlying net insurance contract liabilities. The target asset portfolio consists of listed bonds, unlisted illiquid investments and loans secured by residential mortgages.

The tables below set out rates at certain points on the yield curves used to discount the best estimate liability and risk adjustment reserves as at each period end. For 2023 and 2024 the reinsurance rates are not materially different to the gross insurance discount rates. As such only the rates for underlying business are presented below. Discount rates have been disclosed in aggregate and have not been split according to their profitability groupings.

| JRL | **Valuation rate at period end All products** | | |
|---|---|---|---|
| | **30 June 2024** | 31 December 2023 | 30 June 2023 |
| 1 year | **6.9%** | 6.9% | 8.2% |
| 5 year | **6.0%** | 5.5% | 7.3% |
| 10 year | **5.9%** | 5.4% | 6.5% |
| 20 year | **6.0%** | 5.5% | 6.2% |
| 30 year | **5.9%** | 5.5% | 5.9% |

| PLACL | **Valuation rate at period end GifL/DB business** | | | **Valuation rate at period end Care business** | | |
|---|---|---|---|---|---|---|
| | **30 June 2024** | 31 December 2023 | 30 June 2023 | **30 June 2024** | 31 December 2023 | 30 June 2023 |
| 1 year | **7.0%** | 6.8% | 8.2% | **5.5%** | 4.9% | 5.9% |
| 5 year | **6.1%** | 5.5% | 7.2% | **4.5%** | 3.5% | 4.9% |
| 10 year | **6.0%** | 5.4% | 6.4% | **4.4%** | 3.4% | 4.1% |
| 20 year | **6.1%** | 5.5% | 6.0% | **4.6%** | 3.6% | 3.8% |
| 30 year | **6.0%** | 5.5% | 5.8% | **4.5%** | 3.5% | 3.5% |

**Inflation**
Assumptions for annuity escalation are required for retail price index (RPI), consumer price index (CPI) and limited price index (LPI) linked liabilities, the majority of which are within the Defined Benefit business. The inflation curve assumed in each case is that which is implied by market swap rates, using a mark to model basis for LPI inflation, taking into account any escalation caps and/or floors applicable. This methodology is unchanged at 30 June 2024 compared to the previous period.

**Future expenses**
Assumptions for future policy expense levels are determined from the Group's recent expense analyses and incorporate an annual inflation rate allowance of 3.7% (31 December 2023: 3.6% / 30 June 2023: 4.0%) derived from the expected retail price and consumer price indices implied by inflation swap rates and an additional allowance for earnings inflation. The annual inflation rate allowance is regarded as a financial assumption and therefore all changes in expense inflation rates are recognised in the Condensed consolidated statement of comprehensive income.

The maintenance expense assumptions per policy, allowing for the relevant level of expense inflation over the period, are unchanged from those reported in the 2023 Annual Report and Accounts.

**Risk adjustment**
The best estimate liability represents the present value of future net cash outflows to settle claims and expenses quantified at the 50th percentile confidence interval. The risk adjustment for non-financial risk is determined to reflect the compensation that the Group requires for bearing longevity, expense, and insurance-contract specific operational risks. The risk adjustment represents an additional reserve held that increases the ultimate time horizon confidence interval up to the 70th percentile and amounts to £0.3bn (31 December 2023: £0.3bn: 30 June 2023: £0.3bn) net of reinsurance. Based upon the latest risk adjustment calibration exercise, a 5% increase in the ultimate run-off confidence interval would increase the net of reinsurance risk adjustment by c£0.1bn (31 December 2023: c£0.1bn / 30 June 2023: c£0.1bn).

## (c) Movements analysis – insurance contracts

**Insurance contracts analysed by measurement component**

**(c)(i) Disclosure of movement by measurement component**

| **Six months ended 30 June 2024** | **Estimate of present value of future cash flows £m** | **Risk adjustment for non-financial risk £m** | **CSM £m** | **Total £m** |
|---|---|---|---|---|
| Opening insurance contract liabilities balance | **20,758** | **924** | **2,449** | **24,131** |
| ***Changes in the statement of comprehensive income*** | | | | |
| **Changes that relate to current service** | | | | |
| CSM recognised for service provided | **-** | **-** | **(86)** | **(86)** |
| Change in risk adjustment for non-financial risk for risk expired | **-** | **(5)** | **-** | **(5)** |
| Experience adjustments | **(9)** | **-** | **-** | **(9)** |
| **Changes that relate to future service** | | | | |
| Contracts initially recognised in the period | **(329)** | **93** | **236** | **-** |
| Changes in estimates that adjust the CSM | **71** | **(2)** | **(69)** | **-** |
| **Insurance service result** | **(267)** | **86** | **81** | **(100)** |
| Net finance (income)/ expenses from insurance contracts | **(336)** | **(66)** | **54** | **(348)** |
| Exchange rate movement | **6** | **-** | **-** | **6** |
| **Total changes in the statement of comprehensive income** | **(597)** | **20** | **135** | **(442)** |
| ***Cash flows*** | | | | |
| Premiums received | **2,033** | **-** | **-** | **2,033** |
| Claims and other insurance service expenses paid, including investment components | **(837)** | **-** | **-** | **(837)** |
| Insurance acquisition cash flows | **(91)** | **-** | **-** | **(91)** |
| **Total cash flows** | **1,105** | **-** | **-** | **1,105** |
| **Closing insurance contract liabilities balance** | **21,266** | **944** | **2,584** | **24,794** |

| Year ended 31 December 2023 | Estimate of present value of future cash flows £m | Risk adjustment for non-financial risk £m | CSM £m | Total £m |
|---|---|---|---|---|
| Opening insurance contract liabilities balance (restated)[1] | 17,030 | 674 | 1,943 | 19,647 |
| ***Changes in the statement of comprehensive income*** | | | | |
| **Changes that relate to current service** | | | | |
| CSM recognised for service provided | – | – | (156) | (156) |
| Change in risk adjustment for non-financial risk for risk expired | – | (11) | - | (11) |
| Experience adjustments | 8 | – | - | 8 |
| **Changes that relate to future service** | | | | |
| Contracts initially recognised in the year | (542) | 162 | 380 | – |
| Changes in estimates that adjust the CSM | (292) | 89 | 203 | – |
| **Insurance service result** | (826) | 240 | 427 | (159) |
| Net finance expenses from insurance contracts | 1,917 | 10 | 79 | 2,006 |
| Exchange rate movement | (26) | – | - | (26) |
| **Total changes in the statement of comprehensive income** | 1,065 | 250 | 506 | 1,821 |
| ***Cash flows*** | | | | |
| Premiums received | 4,494 | – | - | 4,494 |
| Claims and other insurance service expenses paid, including investment components | (1,648) | – | - | (1,648) |
| Insurance acquisition cash flows | (183) | – | - | (183) |
| **Total cash flows** | 2,663 | – | - | 2,663 |
| **Closing insurance contract liabilities balance** | 20,758 | 924 | 2,449 | 24,131 |

1 2023 opening balance is restated on adoption of IFRS 17.

| Six months ended 30 June 2023 | Estimate of present value of future cash flows £m | Risk adjustment for non-financial risk £m | CSM £m | Total £m |
|---|---|---|---|---|
| Opening insurance contract liabilities balance (restated) [1] | 17,030 | 674 | 1,943 | 19,647 |
| ***Changes in the statement of comprehensive income*** | | | | |
| **Changes that relate to current service** | | | | |
| CSM recognised for service provided | - | - | (67) | (67) |
| Change in risk adjustment for non-financial risk for risk expired | - | (7) | - | (7) |
| Experience adjustments | 3 | - | - | 3 |
| **Changes that relate to future service** | | | | |
| Contracts initially recognised in the period | (230) | 72 | 158 | - |
| Changes in estimates that adjust the CSM | 23 | (2) | (21) | - |
| **Insurance service result** | (204) | 63 | 70 | (71) |
| Net finance (income)/expenses from insurance contracts | (153) | (32) | 34 | (151) |
| Exchange rate movement | (36) | - | - | (36) |
| **Total changes in the statement of comprehensive income** | (393) | 31 | 104 | (258) |
| ***Cash flows*** | | | | |
| Premiums received | 2,102 | - | - | 2,102 |
| Claims and other insurance service expenses paid, including investment components | (801) | - | - | (801) |
| Insurance acquisition cash flows | (84) | - | - | (84) |
| **Total cash flows** | 1,217 | - | - | 1,217 |
| **Closing insurance contract liabilities balance** | 17,854 | 705 | 2,047 | 20,606 |

1 2023 opening balance is restated on adoption of IFRS 17.

**(c)(ii) Disclosure of movement in CSM by IFRS 17 Transitional approach**

Below is the CSM movement split by Fair Value Approach ("FVA") on transition to IFRS 17 and other contracts.

| | **Six months ended 30 June 2024** | | | Year ended 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | **Contracts under FVA £m** | **Other contracts £m** | **Total CSM £m** | Contracts under FVA £m | Other contracts £m | Total CSM £m |
| Opening insurance contract liabilities balance[1] | **1,437** | **1,012** | **2,449** | 1,354 | 589 | 1,943 |
| ***Changes in the statement of comprehensive income*** | | | | | | |
| **Changes that relate to current service** | | | | | | |
| CSM recognised for service provided | **(53)** | **(33)** | **(86)** | (109) | (47) | (156) |
| **Changes that relate to future service** | | | | | | |
| Contracts initially recognised in the period | **-** | **236** | **236** | - | 380 | 380 |
| Changes in estimates that adjust the CSM | **(22)** | **(47)** | **(69)** | 150 | 53 | 203 |
| **Insurance service result** | **(75)** | **156** | **81** | 41 | 386 | 427 |
| Net finance expenses from insurance contracts | **23** | **31** | **54** | 42 | 37 | 79 |
| **Total changes in the statement of comprehensive income** | **(52)** | **187** | **135** | 83 | 423 | 506 |
| **Closing insurance contract liabilities balance** | **1,385** | **1,199** | **2,584** | 1,437 | 1,012 | 2,449 |

1 2023 opening balance is restated on adoption of IFRS 17.

| | Six months ended 30 June 2023 | | |
|---|---|---|---|
| | Contracts under FVA £m | Other contracts £m | Total CSM £m |
| Opening insurance contract liabilities balance[1] | 1,354 | 589 | 1,943 |
| ***Changes in the statement of comprehensive income*** | | | |
| **Changes that relate to current service** | | | |
| CSM recognised for service provided | (49) | (18) | (67) |
| **Changes that relate to future service** | | | |
| Contracts initially recognised in the period | - | 158 | 158 |
| Changes in estimates that adjust the CSM | (4) | (17) | (21) |
| **Insurance service result** | (53) | 123 | 70 |
| Net finance expenses from insurance contracts | 21 | 13 | 34 |
| **Total changes in the statement of comprehensive income** | (32) | 136 | 104 |
| **Closing insurance contract liabilities balance** | 1,322 | 725 | 2,047 |

1 2023 opening balance is restated on adoption of IFRS 17.

**Changes that relate to current service**
CSM recognised in the period is computed based on the proportion of insurance contract services provided in the period compared with the value of services expected to be provided in future periods. Experience adjustments represent the difference between the expected value of claims and expenses projected as at the start of the year included in insurance revenue, and the actual value of claims and expenses due in the year included in insurance service expense. The favourable experience adjustment of £9m in 2024 (HY23 £(3)m adverse / FY 23 £(8)m adverse) should be viewed in the context of £837m (HY23 £801m / FY23 £1,648m) of claims and expenses paid.

**Changes that relate to future service**
The value of contracts initially recognised in the period is presented in note 12(e).

Changes in estimates that adjust the CSM represent changes in projected future years cash flows that arise from experience in the period and non-economic assumption changes, measured at locked-in discount rates. Apart from the small adjustment mentioned in note 12(b), the most recent mortality basis change was made in FY23, and as such the impact in HY24 and HY23 is less significant than at FY23.

## (d) Movements analysis – reinsurance contracts

**Reinsurance contracts analysed by measurement component**
**(d)(i) Disclosure of movement by measurement component**

| Six months ended 30 June 2024 | Estimate of present value of future cash flows £m | Risk adjustment for non-financial risk £m | CSM £m | Total £m |
|---|---|---|---|---|
| Opening reinsurance contract asset | 937 | 106 | 100 | 1,143 |
| Opening reinsurance contract liability | (1,001) | 486 | 390 | (125) |
| **Net opening balance** | **(64)** | **592** | **490** | **1,018** |
| ***Changes in the statement of comprehensive income*** | | | | |
| **Changes that relate to current service** | | | | |
| CSM recognised for service received | - | - | (11) | (11) |
| Change in risk adjustment for non-financial risk for risk expired | - | (2) | - | (2) |
| Experience adjustments | (16) | - | - | (16) |
| **Changes that relate to future service** | | | | |
| Contracts initially recognised in the period | (83) | 73 | 10 | - |
| Change in estimates that adjust the CSM | 69 | - | (69) | - |
| **Net (expenses)/income from reinsurance contracts** | **(30)** | **71** | **(70)** | **(29)** |
| Net finance (expenses)/income from reinsurance contracts | - | (46) | 12 | (34) |
| **Total changes in the statement of comprehensive income** | **(30)** | **25** | **(58)** | **(63)** |
| ***Cash flows*** | | | | |
| Premiums paid | 459 | - | - | 459 |
| Claims received | (385) | - | - | (385) |
| **Total cash flows** | **74** | **-** | **-** | **74** |
| Closing reinsurance contract asset | 902 | 98 | 108 | 1,108 |
| Closing reinsurance contract liability | (922) | 519 | 324 | (79) |
| **Net closing balance** | **(20)** | **617** | **432** | **1,029** |

| Year ended 31 December 2023 | Estimate of present value of future cash flows £m | Risk adjustment for non-financial risk £m | CSM £m | Total £m |
|---|---|---|---|---|
| Opening reinsurance contract asset (restated) [1] | 589 | 80 | 107 | 776 |
| Opening reinsurance contract liability (restated) [1] | (665) | 319 | 225 | (121) |
| **Net opening balance** | (76) | 399 | 332 | 655 |
| ***Changes in the statement of comprehensive income*** | | | | |
| **Changes that relate to current service** | | | | |
| CSM recognised for service received | – | – | (27) | (27) |
| Change in risk adjustment for non-financial risk for risk expired | – | (4) | - | (4) |
| Experience adjustments | (10) | – | - | (10) |
| **Changes that relate to future service** | | | | |
| Contracts initially recognised in the year | (168) | 131 | 37 | – |
| Change in estimates that adjust the CSM | (200) | 64 | 136 | – |
| **Net (expenses)/income from reinsurance contracts** | (378) | 191 | 146 | (41) |
| Net finance income from reinsurance contracts | 94 | 2 | 12 | 108 |
| **Total changes in the statement of comprehensive income** | (284) | 193 | 158 | 67 |
| ***Cash flows*** | | | | |
| Premiums paid | 1,196 | – | - | 1,196 |
| Claims received | (900) | – | - | (900) |
| **Total cash flows** | 296 | – | - | 296 |
| Closing reinsurance contract asset | 937 | 106 | 100 | 1,143 |
| Closing reinsurance contract liability | (1,001) | 486 | 390 | (125) |
| **Net closing balance** | (64) | 592 | 490 | 1,018 |

1 2023 opening balance is restated on adoption of IFRS 17.

| Six months ended 30 June 2023 | Estimate of present value of future cash flows £m | Risk adjustment for non-financial risk £m | CSM £m | Total £m |
|---|---|---|---|---|
| Opening reinsurance contract asset (restated) [1] | 589 | 80 | 107 | 776 |
| Opening reinsurance contract liability (restated) [1] | (665) | 319 | 225 | (121) |
| **Net opening balance** | (76) | 399 | 332 | 655 |
| ***Changes in the statement of comprehensive income*** | | | | |
| **Changes that relate to current service** | | | | |
| CSM recognised for service received | - | - | (11) | (11) |
| Change in risk adjustment for non-financial risk for risk expired | - | (2) | - | (2) |
| Experience adjustments | (4) | - | - | (4) |
| **Changes that relate to future service** | | | | |
| Contracts initially recognised in the period | (72) | 62 | 10 | - |
| Change in estimates that adjust the CSM | 32 | (1) | (31) | - |
| **Net (expenses)/income from reinsurance contracts** | (44) | 59 | (32) | (17) |
| Net finance income/(expenses) from reinsurance contracts | 7 | (21) | 7 | (7) |
| **Total changes in the statement of comprehensive income** | (37) | 38 | (25) | (24) |
| ***Cash flows*** | | | | |
| Premiums paid | 354 | - | - | 354 |
| Claims received | (369) | - | - | (369) |
| **Total cash flows** | (15) | - | - | (15) |
| Closing reinsurance contract asset | 561 | 78 | 80 | 719 |
| Closing reinsurance contract liability | (689) | 359 | 227 | (103) |
| **Net closing balance** | (128) | 437 | 307 | 616 |

1 2023 opening balance is restated on adoption of IFRS 17.

### (d)(ii) Disclosure of movement in CSM by IFRS 17 Transitional approach

Below is the CSM movement split by Fair Value Approach ("FVA") on transition to IFRS 17 and other contracts.

| | **Six months ended 30 June 2024** | | | Year ended 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | **Contracts under FVA £m** | **Other contracts £m** | **Total CSM £m** | Contracts under FVA £m | Other contracts £m | Total CSM £m |
| Opening reinsurance contract asset (restated) [1] | **68** | **32** | **100** | 75 | 32 | 107 |
| Opening reinsurance contract liability (restated) [1] | **203** | **187** | **390** | 137 | 88 | 225 |
| **Net opening balance** | **271** | **219** | **490** | 212 | 120 | 332 |
| ***Changes in the statement of comprehensive income*** | | | | | | |
| **Changes that relate to current service** | | | | | | |
| CSM recognised for service received | **(8)** | **(3)** | **(11)** | (20) | (7) | (27) |
| **Changes that relate to future service** | | | | | | |
| Contracts initially recognised in the period | **-** | **10** | **10** | - | 37 | 37 |
| Change in estimates that adjust the CSM | **(30)** | **(39)** | **(69)** | 73 | 63 | 136 |
| **Net (expenses)/income from reinsurance contracts** | **(38)** | **(32)** | **(70)** | 53 | 93 | 146 |
| Net finance income from reinsurance contracts | **6** | **6** | **12** | 6 | 6 | 12 |
| **Total changes in the statement of comprehensive income** | **(32)** | **(26)** | **(58)** | 59 | 99 | 158 |
| Closing reinsurance contract asset | **74** | **34** | **108** | 68 | 32 | 100 |
| Closing reinsurance contract liability | **165** | **159** | **324** | 203 | 187 | 390 |
| **Net closing balance** | **239** | **193** | **432** | 271 | 219 | 490 |

1 2023 opening balance is restated on adoption of IFRS 17.

| | Six months ended 30 June 2023 | | |
|---|---|---|---|
| | Contracts under FVA £m | Other contracts £m | Total CSM £m |
| Opening reinsurance contract asset (restated) [1] | 75 | 32 | 107 |
| Opening reinsurance contract liability (restated) [1] | 137 | 88 | 225 |
| **Net opening balance** | 212 | 120 | 332 |
| ***Changes in the statement of comprehensive income*** | | | |
| **Changes that relate to current service** | | | |
| CSM recognised for service received | (10) | (1) | (11) |
| **Changes that relate to future service** | | | |
| Contracts initially recognised in the period | - | 10 | 10 |
| Change in estimates that adjust the CSM | (16) | (15) | (31) |
| **Net expenses from reinsurance contracts** | (26) | (6) | (32) |
| Net finance income from reinsurance contracts | 4 | 3 | 7 |
| **Total changes in the statement of comprehensive income** | (22) | (3) | (25) |
| Closing reinsurance contract asset | 71 | 9 | 80 |
| Closing reinsurance contract liability | 119 | 108 | 227 |
| **Net closing balance** | 190 | 117 | 307 |

1 2023 opening balance is restated on adoption of IFRS 17.

### (e) New insurance contracts issued and reinsurance contracts held

The tables below present the CSM at point of inception of new contracts sold in the year together with CSM for the related reinsurance:

| | **Six months ended 30 June 2024 £m** | Year ended 31 December 2023 £m | Six months ended 30 June 2023 £m |
|---|---|---|---|
| **Insurance contracts issued** | | | |
| Insurance acquisition cash flows | **(91)** | (183) | (84) |
| Estimate of present value of future cash outflows | **(2,056)** | (3,580) | (1,605) |
| Estimate of present value of future cash inflows | **2,476** | 4,305 | 1,919 |
| **Estimates of net present value of cash inflows** | **329** | 542 | 230 |
| Risk Adjustment | **(93)** | (162) | (72) |
| **Contractual Service Margin** | **236** | 380 | 158 |

Insurance acquisition costs deferred in the CSM include £54m (HY23: £42m) commission and other costs of originating insurance contracts, plus £37m (HY23: £42m) of investment acquisition expenses.

The estimate of present value of future cash outflows of £2,056m (FY23: £3,580m / HY23: £1,605m) reflects the increase in business sold in the period, with premiums receivable increasing from £1,919 in HY23 to £2,476m in HY24.

| | **Six months ended 30 June 2024 £m** | Year ended 31 December 2023 £m | Six months ended 30 June 2023 £m |
|---|---|---|---|
| **Reinsurance contracts ceded** | | | |
| Estimate of present value of future cash outflows | **(83)** | (168) | (72) |
| Risk Adjustment | **73** | 131 | 62 |
| **Contractual Service Margin** | **(10)** | (37) | (10) |

### (f) Sensitivity analysis

The Group has estimated the impact on profit before tax for the period in relation to insurance contracts and related reinsurance from reasonably possible changes in key assumptions relating to financial assets and to liabilities. The sensitivities capture the liability impacts arising from the impact on the yields of the assets backing liabilities in each sensitivity. The impact of changes in the value of assets and liabilities has been shown separately to aid the comparison with the change in value of assets for the relevant sensitivities in note 9.

The sensitivity factors are applied via financial models either as at the valuation date or from a suitable recent reporting period where appropriate to do so. The analysis has been prepared for a change in each variable with other assumptions remaining constant. In reality, such an occurrence is unlikely, due to correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts cannot necessarily be interpolated or extrapolated from these results. The extent of non-linearity grows as the severity of any sensitivity is increased.

For example, in the specific scenario of property price falls, the impact on IFRS profit before tax from a 5% fall in property prices would be slightly less than half of that disclosed in the table below. Furthermore, in the specific scenario of a mortality reduction, a smaller fall in fulfilment cash flows than disclosed in the table below or a similar increase in mortality may be expected to result in broadly linear impacts. However, it becomes less appropriate to extrapolate the expected impact for more severe scenarios. The sensitivity factors take into consideration that the Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The sensitivities below cover the changes on all assets and liabilities from the given stress. Parameters that have had limited sensitivity both historically and currently are not included, such as inflation for which the risk is substantially hedged. The impact of these sensitivities on IFRS net equity is the impact on profit before tax as set out in the table below less tax at the current tax rate.

A guide to the sensitivity table is provided below:

| Abbreviation | Title | Impact |
|---|---|---|
| FCF | Fulfilment cash flows | Positive values represent cash inflows or lower cash outflows resulting in reductions in insurance contract liabilities or an increase in reinsurance contracts assets.<br>Negative values represent cash outflows or higher cash outflows resulting in increased insurance contract liabilities or a decrease in reinsurance contracts assets. |
| CSM | Contractual service margin | Positive values represent a reduction in the CSM<br>Negative values represent an increase in the CSM |
| P&L | Profit /(loss) before tax | Profit – increase in pre-tax profit<br>(Loss) – decrease in pre-tax profit<br>Sensitivities can result in an opposite impact on Profit/(loss) before and after allowance for the CSM due to the impact of the use of locked-in rates for the CSM. |

**Impact of sensitivities**

| **30 June 2024** | | **Insurance contract liabilities £m** | **Reinsurance contracts (net) held £m** | **Net insurance contract liabilities £m** | **Valuation of assets £m** | **Net impact on profit and loss £m** |
|---|---|---|---|---|---|---|
| *Interest rate and investments + 1%* | FCF | 2,060 | (81) | 1,978 | - | - |
| | CSM | - | - | - | - | - |
| | P&L | 2,060 | (81) | 1,978 | (1,965) | 14 |
| *Interest rate and investments - 1%* | FCF | (2,477) | 102 | (2,375) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (2,477) | 102 | (2,375) | 2,356 | (19) |
| *Decrease in base mortality by 5%* | FCF | (332) | 203 | (129) | - | - |
| | CSM | 477 | (295) | 182 | - | - |
| | P&L | 145 | (91) | 53 | (17) | 36 |
| *Immediate fall of 10% in house prices* | FCF | (50) | 3 | (47) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (50) | 3 | (47) | (66) | (113) |
| *Future property price growth reduces by 0.5%* | FCF | (40) | 2 | (38) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (40) | 2 | (38) | (36) | (74) |
| *Credit default allowance - increase by 10bps*[1] | FCF | (221) | 9 | (212) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (221) | 9 | (212) | - | (212) |

| 31 December 2023 | | Insurance contract liabilities £m | Reinsurance contracts (net) held £m | Net insurance contract liabilities £m | Valuation of assets £m | Net impact on profit and loss £m |
|---|---|---|---|---|---|---|
| *Interest rate and investments + 1%* | FCF | 1,970 | (77) | 1,893 | - | - |
| | CSM | - | - | - | - | - |
| | P&L | 1,970 | (77) | 1,893 | (1,933) | (40) |
| *Interest rate and investments - 1%* | FCF | (2,366) | 100 | (2,266) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (2,366) | 100 | (2,266) | 2,316 | 49 |
| *Decrease in base mortality by 5%* | FCF | (327) | 196 | (131) | - | - |
| | CSM | 476 | (293) | 182 | - | - |
| | P&L | 148 | (97) | 51 | (14) | 37 |
| *Immediate fall of 10% in house prices* | FCF | (46) | 2 | (44) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (46) | 2 | (44) | (68) | (113) |
| *Future property price growth reduces by 0.5%* | FCF | (38) | 2 | (36) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (38) | 2 | (36) | (38) | (74) |
| *Credit default allowance - increase by 10bps*[1] | FCF | (213) | 9 | (204) | - | - |
| | CSM | - | - | - | - | - |
| | P&L | (213) | 9 | (204) | - | (204) |

[1] Over that included in the discount rate section in note 12(b).

## 13. LOANS AND BORROWINGS

| | Carrying value | | | Fair Value | | |
|---|---|---|---|---|---|---|
| | **30 June 2024 £m** | 31 December 2023 £m | 30 June 2023 £m | **30 June 2024 £m** | 31 December 2023 £m | 30 June 2023 £m |
| £250m 9.0% 10-year subordinated debt 2026 (Tier 2) issued by Just Group plc (£150m principal outstanding) | **152** | 152 | 176 | **163** | 164 | 187 |
| £125m 8.125% 10-year subordinated debt 2029 (Tier 2) issued by Just Group plc | **126** | 126 | 125 | **133** | 127 | 128 |
| £250m 7.0% 10.5-year subordinated debt 2031 non-callable for first 5.5 years (Green Tier 2) issued by Just Group plc | **252** | 251 | 252 | **256** | 252 | 245 |
| £230m 3.5% 7-year subordinated debt 2025 (Tier 3) issued by Just Group plc (£155m principal outstanding) [1] | **157** | 157 | 157 | **154** | 151 | 146 |
| **Total** | **687** | 686 | 710 | **706** | 694 | 706 |

[1] The Group's Tier 3 debt is repayable within one year.

Attestations are made in respect of the Loans and borrowings annually following publication of the Annual Report and Accounts. There were no breaches to report in the attestations made in March 2024 and there are no indications that the Group may have difficulties complying with the covenants over the forthcoming 12 months.

The Group has an undrawn Revolving Credit Facility for general corporate and working capital purposes. During the period the size of the facility has been increased from £300m to £400m. Interest is payable on any drawdown loans at a rate of SONIA plus a margin of between 1.50% and 2.75% per annum depending on the Group's ratio of net debt to net assets.

## 14. PAYABLES AND OTHER FINANCIAL LIABILITIES

| | **30 June 2024 £m** | 31 December 2023 £m | 30 June 2023 £m |
|---|---|---|---|
| Derivative financial liabilities | **2,379** | 2,487 | 2,713 |
| Repurchase obligation | **3,332** | 2,569 | 1,944 |
| Obligations for repayment of cash collateral received | **690** | 532 | 697 |
| Other payables[1] | **119** | 20 | 198 |
| **Total** | **6,520** | 5,608 | 5,552 |

[1] Other payables has been aggregated with other financial liabilities in all periods presented.

Derivative financial liabilities are classified as mandatorily FVTPL. Derivative assets and liabilities primarily relate to interest rate, cross currency and inflation swaps.

Repurchase agreements are measured at amortised cost in the Condensed consolidated interim financial statements. The fair value of these agreements is £3,332m (31 December 2023: £2,569m / 30 June 2023: £1,915m). Additional repurchase agreements have been entered into during the period to fund increases in the amortised cost portfolio of gilts.

Obligations to pay cash collateral are measured at amortised cost and there is no material difference between the fair value and amortised cost of the instruments.

## 15. FINANCIAL AND INSURANCE RISK MANAGEMENT

These Condensed consolidated interim financial statements provide an update on the Group's principal risks at the half year and the outlook for the future development of those risks in the risk management section. In addition any significant changes to the Group's exposure to insurance, market, credit and liquidity risk is included below.

### (a) Insurance risk

The Group's insurance risks include exposure to longevity, mortality and morbidity and management and administration expenses. The writing of long-term insurance contracts requires a range of assumptions to be made and risk arises from these assumptions being materially inaccurate.

The Group's main insurance risk arises from adverse experience compared with the assumptions used in pricing products and valuing insurance liabilities.

The Group has made a small adjustment to the base mortality assumptions on JRL GIfL PrognoSys™ annuities since 31 December 2023 reflecting emerging mortality experience, as those lives with no medical conditions at underwriting are showing slightly higher mortality experience than expected and those lives with medical conditions at underwriting are showing lighter mortality experience. These adjustments will be reviewed at the year end as the Group considers the level and shape of excess mortality associated with major medical conditions.

The Group continues to manage its exposure to insurance risk through the use of reinsurance; as explained in note 12(a) new business was reinsured at 90% for GIfL and c.90% for DB over the period, consistent with the prior year.

### (b) Market risk

The Group is exposed to market risk associated with any unmatched exposure arising from the value of investments backing insurance liabilities, and the consequential impact on the valuation interest rate used to discount insurance liabilities. In addition the economic environment has a direct affect on the propensity of potential customers to purchase retirement income products. The Group continues to increase its gilt holdings over H1 2024 as part of new business growth as well as to manage interest rate exposure on financial metrics.

**(i) Interest rate risk**

The Group continues to actively hedge its interest rate exposure to protect balance sheet positions on both Solvency II and IFRS bases in accordance with its risk appetite framework and principles. This has led to the establishment of an amortised cost portfolio during H1 2023; during H1 2024 an additional £0.8bn was added to this portfolio, which stands at £3.3bn at 30 June 2024. Gilt-swap basis risk as a result is being actively managed.

**(ii) Property risk**

The Group's direct exposure to property risk arises from the provision of lifetime mortgages which creates an exposure to the UK residential property market. The Group has indirect exposure to commercial property through its secured lending. A sensitivity analysis of the impact of residential and commercial property price movements is included in note 9 and note 12.

**(iii) Inflation risk**

Exposure to long term inflation occurs in relation to the Group's own management expenses and its writing of index-linked Retirement Income contracts. The Group continues to manage inflation risk through the application of disciplined cost control over management expenses and matching inflation-linked assets including inflation swaps, and inflation-linked liabilities for the long-term inflation risk.

**(iv) Currency risk**

The Group invests in non-sterling denominated assets; any foreign exchange exposure is managed through foreign currency swaps in order to minimise this risk exposure.

### (c) Credit risk

Credit risk arises if another party fails to perform its financial obligations to the Group and is managed through credit concentration limits and collateral arrangements. The significant reinsurance collateral arrangements remain unchanged from those described on note 34(c)(iii) of the 2023 Annual Report and Accounts.

The credit ratings of the Group's investment portfolio is included in the Additional financial information. The Group continues to actively monitor its credit exposures and trades investments where appropriate. During the period the Group divested itself of £563m of BBB assets and reinvested those funds in A or better rated assets.

### (d) Liquidity risk

The Group is exposed to liquidity risk as part of its business model and its desire to manage its exposure to inflation, interest rates and currency risks using derivatives.

Liquidity risk continues to be managed by holding assets of a suitable maturity, collateral eligibility and marketability to meet liabilities as they fall due. The Group's short-term liquidity requirements to meet annuity payments are predominantly funded by investment coupon receipts, and bond principal repayments. Cash flow forecasts over the short, medium and long term are regularly prepared to predict and monitor liquidity levels in line with limits set on the minimum amount of liquid assets required. Cash flow forecasts include an assessment of the impact to a range of scenarios including 1-in-200 shocks on the Group's long-term liquidity and the minimum cash and cash equivalent levels required to cover enhanced stresses.

The Group increased its undrawn Revolving Credit Facility during the period from £300m to £400m for general corporate and working capital purposes.

## 16. CAPITAL

### (a) Group capital position

The Group's estimated capital surplus position at 30 June 2024 was as follows:

| | **30 June 2024[1]** **£m** | 31 December 2023[2] £m |
|---|---|---|
| Eligible own funds | **3,040** | 3,104 |
| Capital requirement | **(1,552)[3]** | (1,577)[3] |
| **Excess own funds** | **1,488[3]** | 1,527[3] |
| **Solvency II Capital coverage ratio** | **196%[3]** | 197%[3] |

1 Solvency II capital coverage ratios as at 30 June 2024 includes a notional recalculation of TMTP and 31 December 2023 includes a formal recalculation of TMTP.
2 This is the reported regulatory position as included in the Group's Solvency and Financial Condition Report as at 31 December 2023.
3 Not covered by PwC's independent review report.

Further information on the Group's Solvency II position, including a reconciliation between the regulatory capital position to the reported capital surplus, is included in the Business review. This information is estimated and therefore subject to change.

The Group and its regulated insurance subsidiaries are required to comply with the requirements established by the Solvency II Framework directive as adopted by the Prudential Regulation Authority ("PRA") in the UK, and to measure and monitor its capital resources on this basis. The overriding objective of the Solvency II capital framework is to ensure there is sufficient capital within the Group and its insurance companies to protect policyholders and meet their payments when due. Firms are required to maintain eligible capital, or "Own Funds", in excess of the value of their Solvency Capital Requirements ("SCR"). The SCR represents the risk capital required to be set aside to absorb 1-in-200 year stress tests over the next one-year time horizon, allowing for each risk type that the Group is exposed to, including longevity risk, property risk, credit risk and interest rate risk. These risks are all aggregated with appropriate allowance for diversification benefits.

In the periods reported above, the capital requirement for Just Group plc is calculated using a partial internal model. JRL uses a full internal model and PLACL capital is calculated using the standard formula. See section c) for information on the internal model application for PLACL.

The Group and its regulated subsidiaries complied with their regulatory capital requirements throughout the first half of the year.

### (b) Capital management

The Group's objectives when managing capital for all subsidiaries are:

- to comply with the insurance capital requirements required by the regulators of the insurance markets where the Group operates. The Group's policy is to manage its capital in line with its risk appetite and in accordance with regulatory expectations;
- to safeguard the Group's ability to continue as a going concern, and to continue to write new business;
- to ensure that in all reasonably foreseeable circumstances, the Group is able to fulfil its commitment over the short term and long term to pay policyholders' benefits;
- to continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk; and
- to generate capital from in-force business, excluding economic variances, management actions, and dividends, that is greater than new business strain.

The Group regularly assesses a wide-range of actions to improve the capital position and resilience of the business.

In managing its capital, the Group undertakes stress and scenario testing to consider the Group's capacity to respond to a series of relevant financial, insurance, or operational shocks or to changes to financial regulations should future circumstances or events differ from current assumptions. The review also considers mitigating actions available to the Group should a severe stress scenario occur, such as raising capital, varying the volumes of new business written and a scenario where the Group does not write new business.

### (c) Regulatory developments

The Group applied to the PRA to use an internal model to calculate the capital requirement for PLACL in early 2024. This application was approved in July 2024 and the Group plans to use the internal model for calculating PLACL's capital requirement from 30 September 2024.

The key regulatory developments are included below.

On 9 November 2023, the previous government published a consultation seeking views on capping the maximum ground rent that residential leaseholders can be required to pay. Although the previous government did not implement any reform of residential ground rent, the new government may still consider reforming the ground rent charges. The Group is closely monitoring the new government's agenda, which remains uncertain following the recent King's Speech, and the impact of this on the Group's £163m (FY23 £176m) portfolio of residential ground rents. An adjustment was made at year end 2023 and no changes have been made to that adjustment over half year 2024 to reflect the ongoing uncertainty.

The PRA published PS10/24, the final policy statement setting out reforms on the matching adjustment, on 6 June 2024. The updated policy comes into effect from 30 June 2024 with the initial matching adjustment attestation due in 2025. The Group is assessing new matching adjustment eligible investment opportunities resulting from the reform and is preparing for implementation ahead of the 31 December 2024 Matching Adjustment attestation, removal of the sub-investment grade cliff and the reflection of rating notches in the fundamental spread. We are assessing the financial impact ahead of implementation.

## 17. RELATED PARTIES

The nature of the related party transactions of the Group has not changed from those described in the Group's Annual Report and Accounts for the year ended 31 December 2023.

There were no transactions with related parties during the six months ended 30 June 2024 which have had a material effect on the results or financial position of the Group.

## 18. POST BALANCE SHEET EVENTS

Subsequent to 30 June 2024, the Directors approved an interim dividend for 2024 of 0.7 pence per ordinary share amounting to £7m in total, which will be paid on 4 October 2024.

# Additional financial information

The following additional financial information is not covered by PwC's independent review report.

## FINANCIAL INVESTMENTS CREDIT RATINGS

The sector analysis of the Group's financial investments portfolio by credit rating is shown below:

| Unaudited | Total £m | % | AAA £m | AA £m | A £m | BBB £m | BB or below £m | Unrated £m |
|---|---|---|---|---|---|---|---|---|
| Basic materials | 117 | 0.5 | - | 5 | 28 | 80 | 4 | - |
| Communications and technology | 1,199 | 4.8 | 118 | 226 | 242 | 611 | 2 | - |
| Auto manufacturers | 102 | 0.4 | - | - | 95 | 7 | - | - |
| Consumer staples (including healthcare) | 1,266 | 5.1 | 126 | 206 | 549 | 363 | 22 | - |
| Consumer cyclical | 183 | 0.7 | - | 4 | 51 | 128 | - | - |
| Energy | 335 | 1.3 | - | 67 | 5 | 194 | 69 | - |
| Banks | 1,389 | 5.6 | 61 | 100 | 813 | 415 | - | - |
| Insurance | 729 | 2.9 | - | 204 | 97 | 428 | - | - |
| Financial – other | 683 | 2.8 | 92 | 126 | 359 | 106 | - | - |
| Real estate including REITs | 596 | 2.4 | 30 | 18 | 249 | 262 | 37 | - |
| Government | 2,532 | 10.2 | 303 | 1,760 | 222 | 247 | - | - |
| Industrial | 460 | 1.9 | - | 88 | 47 | 313 | 12 | - |
| Utilities | 2,470 | 9.9 | - | 64 | 767 | 1,627 | 12 | - |
| Commercial mortgages | 800 | 3.2 | 106 | 247 | 243 | 204 | - | - |
| Long income real estate[1]estate | 1,053 | 4.2 | 163 | 3 | 339 | 548 | - | - |
| Infrastructure | 2,971 | 12.0 | 58 | 265 | 1,046 | 1,589 | 13 | - |
| Other | 42 | 0.2 | - | - | 42 | - | - | - |
| **Corporate/government bond total** | **16,927** | **68.1** | **1,057** | **3,383** | **5,194** | **7,122** | **171** | **-** |
| Other assets | 927 | 3.7 | | | | | | |
| Lifetime mortgages | 5,554 | 22.3 | | | | | | |
| Liquidity funds | 1,471 | 5.9 | | | | | | |
| **Investments portfolio** | **24,879** | **100.0** | | | | | | |
| Derivatives and collateral | 2,964 | | | | | | | |
| Gilts (interest rate hedging) | 3,344 | | | | | | | |
| **Total** | **31,187** | | | | | | | |

1 Includes residential ground rents of £163m (FY23: £164m) rated AAA and nil (FY23: £12m) rated AA.

## NEW BUSINESS PROFIT RECONCILIATION

New business profit is deferred on the balance sheet under IFRS 17. In addition IFRS 17 introduces clarification regarding the economic assumptions to be used at the point of recognition of contracts for accounts purposes. Just recognises contracts based on their completion dates for IFRS 17, but bases its assessment of new business profitability for management purposes based on the economic parameters prevailing at the quote date of the business.

| | **Six months ended 30 June 2024 £m** | Six months ended 30 June 2023 £m |
|---|---|---|
| New business CSM on gross business written | **236** | 158 |
| Reinsurance CSM | **(10)** | (10) |
| **Net new business CSM** | **226** | 148 |
| Impact of using quote date for profitability measurement | **(4)** | 13 |
| **New business profit** | **222** | 161 |

# Glossary

**Acquisition costs** – comprise the direct costs (such as commissions and new business processing team costs) of obtaining new business, together with associated indirect costs.

**Adjusted operating profit before tax** – an APM, this is the sum of underlying operating profit and operating experience and assumption changes. The net underlying CSM increase is added back as the Board considers the value of new business is significant in assessing business performance. As such Adjusted operating profit excludes the deferral of profit in CSM as defined below. Adjusted operating profit before tax is reconciled to IFRS profit before tax in the Business Review.

**Adjusted profit/(loss) before tax** – an APM, this is the profit/(loss) before tax before deferral of profit in CSM and represents adjusted operating profit before tax plus the impact from non-operating items (investment and economic movement, strategic expenditure, and any adjustments to IFRS for transactions reported directly in equity).

**Alternative performance measure ("APM")** – in addition to statutory IFRS performance measures, the Group has presented a number of non-statutory alternative performance measures. The Board believes that the APMs used give a more representative view of the underlying performance of the Group. APMs are identified in this glossary together with a reference to where the APM has been reconciled to its nearest statutory equivalent. APMs which are also KPIs are indicated as such.

**Buy-in** – an exercise enabling a pension scheme to obtain an insurance contract that pays a guaranteed stream of income sufficient to cover the liabilities of a group of the scheme's members.

**Buy-out** – an exercise that wholly transfers the liability for paying member benefits from the pension scheme to an insurer which then becomes responsible for paying the members directly.

**Care Plan ("CP")** – a specialist insurance contract contributing to the costs of long-term care by paying a guaranteed income to a registered care provider for the remainder of a person's life.

**Cash Generation –** a Solvency II APM and represents underlying organic capital generation before the impact of new business strain.

**Confidence interval** – the degree of confidence that the provision for future cash flows plus the risk adjustment reserve will be adequate to meet the cost of future payments to annuitants.

**Contractual Service Margin ("CSM")** – represents deferred profit earned on insurance products. CSM is recognised in profit or loss over the life of the contracts.

**CSM amortisation** – represents the net release from the CSM reserve into profit as services are provided. The figures are net of accretion (unwind of discount), and the release is computed based on the closing CSM reserve balance for the period.

**Deferral of profit in CSM** – the total movement on CSM reserve in the year. The figure represents CSM recognised on new business, accretion of CSM (unwind of discount), transfers to CSM related to changes to future cash flows at locked-in economic assumptions, less CSM release in respect of services provided.

**Defined benefit deferred ("DB deferred") business** – the part of DB de-risking transactions that relates to deferred members of a pension scheme. These members have accrued benefits in the pension scheme but have not yet retired.

**Defined benefit de-risking partnering ("DB partnering")** – a DB de-risking transaction in which a reinsurer has provided reinsurance in respect of the asset and liability side risks associated with one of our DB Buy-in transactions.

**Defined benefit ("DB") pension scheme** – a pension scheme, usually backed or sponsored by an employer, that pays members a guaranteed level of retirement income based on length of membership and earnings.

**Defined contribution ("DC") pension scheme** – a work-based or personal pension scheme in which contributions are invested to build up a fund that can be used by the individual member to obtain retirement benefits.

**De-risk** – an action carried out by the trustees of a pension scheme with the aim of transferring risks such as longevity, investment, inflation, from the sponsoring employer and scheme to a third party such as an insurer.

**Development expenditure** – relates to development of existing products, markets, technology, and transformational projects.

**Drawdown (sales or products)** – collective term for investment products including Capped Drawdown.

**Employee benefits consultant ("EBC")** – an adviser offering specialist knowledge to employers on the legal, regulatory and practical issues of rewarding staff, including non-wage compensation such as pensions, health and life insurance and profit sharing.

**Finance costs** – Finance costs included within underlying operating profit include coupons paid on the Group's restricted Tier 1 notes, interest payable on the Group's Tier 2 and Tier 3 notes, facility non-utilisation fees and debt repurchase costs when incurred, and amortisation of debt issue and facility arrangement costs capitalised. Finance costs included in underlying organic capital generation include coupons paid on the Group's restricted Tier 1 notes, interest paid on the Group's Tier 2 and Tier 3 notes, and all facility costs when incurred. Debt issue and repurchase costs are excluded from underlying organic capital generation and included within capital actions when incurred.

**Guaranteed Income for Life ("GIfL")** – retirement income products which transfer investment and longevity risk and provide the retiree with a guarantee to pay an agreed level of income for as long as the retiree lives. On a "joint-life" basis, the policy will continue to pay a guaranteed income to a surviving spouse/partner. Just provides modern individually underwritten GIfL solutions.

**IFRS profit before tax** – one of the Group's KPIs, representing the profit before tax attributable to equity holders.

**In-force operating profit** – an APM and represents profits from the in-force portfolio before investment and insurance experience variances, and assumption changes. It mainly represents release of risk adjustment for non-financial risk and of allowance for credit default in the period, investment returns earned on shareholder assets, together with the value of the (net) CSM amortisation.

**Investment and economic movements** – reflect the difference in the period between expected investment returns, based on investment and economic assumptions at the start of the period, and the actual returns earned. Investment and economic profits also reflect the impact of assumption changes in future expected risk-free rates, corporate bond defaults and house price inflation and volatility.

**Key performance indicators ("KPIs")** – KPIs are metrics adopted by the Board which are considered to give an understanding of the Group's underlying performance drivers. The Group's KPIs are Retirement income sales, New business profit, Underlying operating profit, IFRS profit before tax, Return on equity, Tangible net asset value per share, New business strain, Underlying organic capital generation and Solvency II capital coverage ratio.

**Lifetime mortgage ("LTM")** – an equity release product that allows homeowners to take out a loan secured on the value of their home, typically with the loan plus interest repaid when the homeowner has passed away or moved into long-term care.

**LTM notes** – structured assets issued by a wholly owned special purpose entity, Just Re1 Ltd. Just Re1 Ltd holds two pools of lifetime mortgages, each of which provides the collateral for issuance of senior and mezzanine notes to Just Retirement Ltd, eligible for inclusion in its matching portfolio.

**Medical underwriting** – the process of evaluating an individual's current health, medical history and lifestyle factors, such as smoking, when pricing an insurance contract.

**Net asset value ("NAV")** – an APM that represents IFRS total equity, net of tax, and excluding equity attributable to Tier 1 noteholders.

**New business margin** – an APM that is calculated by dividing new business profit by Retirement income sales (shareholder funded). It provides a measure of the profitability of shareholder funded Retirement income sales.

**New business profit** – an APM and one of the Group's KPIs, representing the profit generated from new business written in the year after allowing for the establishment of reserves and for future expected cash flows and risk adjustment and allowance for acquisition expenses and other incremental costs on a marginal basis. The net underlying CSM increase from new business is added back as the Board considers the value of new business is significant in assessing business performance. New business profit is reconciled to adjusted profit before tax, which is reconciled to IFRS profit before tax in the Business Review.

**New business strain** – an APM and one of the Group's KPIs, representing the capital strain on new business written in the year after allowing for acquisition expense allowances and the establishment of Solvency II technical provisions and Solvency Capital Requirement.

**No-negative equity guarantee ("NNEG") hedge** – a derivative instrument designed to mitigate the impact of changes in property growth rates on both the regulatory and IFRS balance sheets arising from the guarantees on lifetime mortgages provided by the Group which restrict the repayment amounts to the net sales proceeds of the property on which the loan is secured.

**Operating experience and assumption changes** – represents changes to cash flows in the current and future periods valued based on end-of-period economic assumptions. This is reported prior to the deferral of profit in CSM from changes to future cash flows.

**Organic capital generation** – an APM that is calculated in the same way as underlying organic capital generation, plus the impact of management actions and other items.

**Other Group companies' operating results** – the results of Group companies including our HUB group of companies, which provides regulated advice and intermediary services, and professional services to corporates, and corporate costs incurred by Group holding companies.

**Pension Freedoms/Pension Freedom and Choice/Pension Reforms** – the UK government's pension reforms, implemented in April 2015.

**Peppercorn rent –** a very low or nominal rent.

**PrognoSys™ –** the Group's proprietary underwriting engine, which is based on individual mortality curves derived from Just Group's own data collected since its launch in 2004.

**Regulated financial advice** – personalised financial advice for retail customers by qualified advisers who are regulated by the Financial Conduct Authority.

**REITs** – a Real Estate Investment Trust is a company that owns, operates, or finances income-generating real estate.

**Retail** – the Group's collective term for GIfL and Care Plan.

**Retirement income sales (shareholder funded)** – an APM and one of the Group's KPIs and a collective term for GIfL, DB and Care Plan new business sales "Sales" and excludes DB partner premium. Premiums are reported gross of commission paid. Retirement income sales (shareholder funded) are reconciled in note 2 to premiums included in the analysis of movement in insurance liabilities within note 12.

**Return on equity** – an APM and one of the Group's KPIs. Return on equity is calculated by dividing underlying operating profit after attributed tax for the period by the average tangible net asset value for the period and is expressed as an annualised percentage. Underlying operating profit and tangible net asset value are reconciled respectively to IFRS profit before tax and IFRS total equity in the Business Review.

**Risk adjustment for non-financial risk ("RA")** – allowance for longevity, expense, and insurance specific operational risks representing the compensation required by the business when managing existing and pricing new business.

**Secure Lifetime Income ("SLI")** – a tax efficient solution for individuals who want the security of knowing they will receive a guaranteed income for life and the flexibility to make changes in the early years of the plan.

**Solvency II** – a Bank of England reporting requirement that codifies and harmonises the UK insurance regulation. Primarily this concerns the amount of capital that UK insurance companies must hold to reduce the risk of insolvency.

**Solvency II capital coverage ratio** – one of the Group's KPIs. Solvency II capital is the regulatory capital measure and is focused on by the Board in capital planning and business planning alongside the economic capital measure. It expresses the regulatory view of the available capital as a percentage of the required capital.

**Strategic expenditure** – Costs incurred for major strategic investment, new products and business lines, and major regulatory projects.

**Tangible net asset value ("TNAV")** – an APM that comprises IFRS total equity attributable to ordinary shareholders, excluding goodwill and other intangible assets, and after adding back contractual service margin, net of tax.

**Tangible net asset value per share** – an APM and one of the Group's KPIs, representing tangible net asset value divided by the closing number of issued ordinary shares excluding shares held in trust.

**Trustees** – individuals with the legal powers to hold, control and administer the property of a trust such as a pension scheme for the purposes specified in the trust deed. Pension scheme trustees are obliged to act in the best interests of the scheme's members.

**Underlying earnings per share** – an APM that is calculated by dividing underlying operating profit after attributed tax by the weighted average number of shares in issue by the Group for the period.

**Underlying operating profit** – an APM and one of the Group's KPIs representing new business profit, in-force operating profit, other Group companies' operating results, development expenditure and finance costs. Underlying operating profit is reported prior to the deferral of profit in CSM as the Board considers the value of new business is significant in assessing business performance. The Board believes the combination of both future profit generated from new business written in the year and additional profit from the in-force book of business, provides a better view of the development of the business. Underlying operating profit is reconciled to adjusted operating profit before tax, which is reconciled to IFRS profit before tax in the Business Review.

**Underlying organic capital generation** – an APM and one of the Group's KPIs. Underlying organic capital generation is the net movement in Solvency II excess own funds over the year, generated from in-force surplus, net of new business strain, cost overruns and other expenses and debt interest. It excludes strategic expenditure, economic variances, regulatory adjustments, capital raising or repayment and impact of management actions and other operating items. The Board believes that this measure provides good insight into the ongoing capital sustainability of the business. Underlying organic capital generation is reconciled to Solvency II excess own funds, which is reconciled to shareholders' net equity on an IFRS basis in the Business Review.