

Financial review



Mark Satchel
Chief Financial Officer

Review of financial performance

Overview

The Group delivered an adjusted profit before tax of £207 million for the year, representing an increase of 6% compared to the prior year (2024: £196 million). This was primarily driven by higher net management fees, supported by an increase in reported average AuMA to £128.6 billion (2024: £113.2 billion) and strong core net inflows of £9.1 billion. The positive momentum was partially offset by expected margin attrition and ongoing investment in the business, partly mitigated by cost efficiencies delivered through the Simplification programme.

The Group's IFRS profit after tax was £120 million, compared to a loss of £34 million in the prior year. In 2024 the Group recognised a provision for customer remediation of £76 million with a subsequent reduction in 2025 to reflect updated experience to date resulting in a £20 million credit. The 2024 loss also included timing differences in policyholder tax expenses.

Following a capital review undertaken by the Board, the Group is returning up to £100 million to shareholders by way of a Share Buyback Programme (the "Programme"). This Programme is anticipated to be completed by the end of 2026. As a result, the Group's pro forma solvency ratio decreased 19 percentage points to 200% (2024: 219%).

The Group's IFRS net assets increased to £1.5 billion (2024: £1.4 billion) largely reflecting the IFRS profit in the year, partially offset by the dividends paid during 2025. Total IFRS assets for the Group, which includes the policyholder assets of the Group's life company, increased by 23% during the year due to favourable market movements and net inflows. Due to the unit-linked nature of the Group's business there is a corresponding increase in the Group's IFRS total liabilities which also increased by 23% in the year.

Alternative performance measures ("APMs")

We assess our financial performance using a variety of measures including APMs, as explained further on pages 185 to 186. In the headings and tables presented, these measures are indicated with an asterisk: *.

Key financial highlights

Quilter highlights	2025	2024
Assets and flows – core business		
AuMA* (£bn)	138.3	116.3
Gross flows* (£bn)	20.0	16.0
Net inflows* (£bn)	9.1	5.2
Net inflows/opening AuMA*	8%	5%
Productivity: Quilter channel gross sales per Quilter Adviser* (£m) ¹	3.4	3.2
Asset retention*	91%	90%
Assets and flows – reported		
AuMA* (£bn)	141.2	119.4
Gross flows* (£bn)	20.1	16.0
Net inflows* (£bn)	8.7	4.8
Net inflows/opening AuMA*	7%	4%
Profit and loss		
IFRS profit/(loss) before tax attributable to shareholder returns (£m)	163	(60)
IFRS profit/(loss) after tax (£m)	120	(34)
Adjusted profit before tax* (£m)	207	196
Operating margin*	30%	29%
Revenue margin* (bps)	42	44
Return on equity*	10.8%	10.0%
Adjusted diluted earnings per share* (pence)	11.0	10.6
Recommended total dividend per share (pence)	6.3	5.9
Basic earnings per share (pence)	8.9	(2.5)
Non-financial		
Total Restricted Financial Planners ("RFPs") in both segments ²	1,453	1,440
Discretionary Investment Managers in High Net Worth segment ²	182	176

¹ Quilter channel gross sales per Quilter Adviser is a measure of the value created by our Quilter distribution channel.

² Closing headcount as at 31 December.

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Flow performance

In the core business, gross flows increased 25% to £20.0 billion (2024: £16.0 billion), primarily due to higher IFA channel activity on the Platform. This growth was driven by both an expanding advised platform market and increased market share among IFA firms. Net inflows in the core business increased 75% to £9.1 billion (2024: £5.2 billion), reflecting improved macro conditions and investor confidence, coupled with the positive impact of our distribution strategies which led to growth in market share. Productivity, representing Quilter channel gross sales per Quilter Adviser, increased by 6% to £3.4 million (2024: £3.2 million).

Within the Affluent segment:

- Quilter channel: Gross flows of £4.4 billion increased by 8% (2024: £4.1 billion), with net inflows increasing 22% to £2.8 billion (2024: £2.3 billion). This growth underscores the ongoing strength of our distribution capabilities within our Advice business, highlighting our ability to attract and retain customer assets. Net inflows as a percentage of opening AuMA for the Quilter channel of 15% increased 2 percentage points (2024: 13%).
- IFA channel: Gross flows of £12.3 billion onto the Quilter Platform increased by 40% (2024: £8.8 billion). Net inflows of £5.8 billion were significantly higher than the prior year (2024: £3.0 billion) reflecting both the breadth and strength of our proposition and distribution, which led to an increased market share of new business as we continued to win assets from competitor platforms. Based on the latest Fundscape data (Q3 2025), the Platform continues to maintain the leading share of gross and net inflows against our retail advised platform peers. Net inflows as a percentage of opening AuMA for the IFA channel onto the Platform were 9% (2024: 5%).
- Funds via third-party platforms reported net outflows of £132 million, compared to £400 million of net outflows in the previous year.
- Asset retention of 90% for the Affluent segment improved by a percentage point from the prior year (2024: 89%).

High Net Worth segment gross flows of £3.0 billion were marginally below the prior year (2024: £3.1 billion). Net inflows increased by 15% to £0.7 billion (2024: £0.6 billion), primarily as a result of strong net inflows in the IFA and direct channel and the loss of a large value low margin account in the prior year. Asset retention of 92% for the High Net Worth segment was 1 percentage point ahead of the prior year (2024: 91%).

AuMA*

The Group's core business closing AuMA of £138.3 billion was 19% ahead of the opening position (2024: £116.3 billion), reflecting positive market movements of £12.9 billion and net inflows of £9.1 billion. The Affluent core segment AuMA increased by 22% to £107.6 billion (2024: £88.5 billion), of which £36.9 billion is managed by Quilter, versus the opening position of £29.5 billion. The High Net Worth segment AuM of £32.5 billion increased by 10% from the opening position of £29.5 billion, with all assets managed by Quilter.

In total, £69.0 billion, representing 50% of core business AuMA, is managed by Quilter across the Group (2024: £58.5 billion, 50%).

Total net revenue, revenue margin and average AuMA*

Total net revenue (£m), revenue margin (bps) and average AuMA (£bn)	2025			2024		
	Net revenue*	Revenue margin*	Average AuMA* ²	Net revenue*	Revenue margin*	Average AuMA* ²
Affluent Administered	216	23	93.8	196	25	79.8
Affluent Managed	119	35	34.4	108	36	29.6
Quilter Cheviot	203	67	30.5	198	70	28.3
Net management fees* ¹	538	42	128.6 ²	502	44	113.2 ²
Other revenue*	100			97		
Investment revenue*	63			71		
Total net revenue*	701			670		

¹ Net management fee includes the interest earned on customer holdings in Quilter Cheviot and Quilter Investment Platform.

² Average AuMA for the Group includes the elimination of the intra-group assets. This is excluded from the total average AuMA to ensure no double count takes place.

Net management fee and revenue margin:

- Quilter plc total net management fees increased by 7% to £538 million (2024: £502 million) as a consequence of higher average AuMA of £128.6 billion, up £15.4 billion against the prior year (2024: £113.2 billion). Interest margin included within net management fees, earned on customer cash balances, was £30 million (2024: £31 million). The Group's revenue margin of 42 bps was 2 bps lower than the prior year (2024: 44 bps).
- Affluent Administered net management fees increased by 10% to £216 million (2024: £196 million). This primarily reflects higher average AuMA of 18%, partially offset by lower revenue margin of 23 bps (2024: 25 bps) due to the impact from our tiered pricing structure, consistent with our expectations. Net management fees include interest margin earned on customer cash balances of £18 million (2024: £19 million).
- Affluent Managed net management fees increased by 10% to £119 million (2024: £108 million), driven mainly by higher average AuMA. This was partially offset by a 1 bp reduction in the revenue margin to 35 bps (2024: 36 bps), attributable to the continued net outflows from the Cirilium Active range, our highest revenue-margin proposition, as advisers increasingly continue to favour Managed Portfolio Services ("MPS") for their customers. Based on the latest NextWealth December 2025 report, WealthSelect remains the largest MPS offering in the industry as at Q3 2025, and continues to demonstrate strong growth, with AuMA of £25.4 billion as at 31 December 2025 (2024: £18.4 billion).
- High Net Worth net management fees increased by 3% to £203 million (2024: £198 million), due to higher average AuM, partially offset by changes to some of our fee structures and the mix of assets, with the revenue margin of 67 bps reducing by 3 bps (2024: 70 bps). Net management fees include interest margin earned on customer cash balances of £12 million (2024: £12 million).

Financial review *continued*

Other revenue:

- Other revenue of £100 million, which mainly comprises of our share of income from providing advice within Quilter Financial Planning and Quilter Cheviot Financial Planning, was 3% higher than the prior year (2024: £97 million).

Investment revenue:

- Investment revenue, predominantly interest income generated on shareholder cash and capital resources of £63 million (2024: £71 million) reflects the reduction in interest rates experienced during 2025.

Operating expenses*

Operating expenses increased by 4% to £494 million (2024: £474 million). This increase largely reflects the combination of planned business investment, inflationary impacts including higher National Insurance costs and higher FSCS levies, partially offset by continued sustainable cost savings delivered through the Simplification programme.

Operating expenses (£m)	2025		2024	
	Operating expenses	As a percentage of revenues	Operating expenses	As a percentage of revenues
Support staff costs	111		110	
Operations	18		20	
Technology	34		31	
Property	28		28	
Other base costs ¹	29		33	
Sub-total base costs	220	31%	222	33%
Revenue-generating staff base costs	110	16%	101	15%
Variable staff compensation	88	12%	82	12%
Other variable costs ²	55	8%	51	8%
Sub-total variable costs	253	36%	234	35%
Regulatory/Insurance costs	21	3%	18	3%
Operating expenses*	494	70%	474	71%

¹ Other base costs includes depreciation and amortisation, audit fees, shareholder costs, changes in customer redress provisions and listed Group and governance costs.

² Other variable costs includes FNZ costs, development spend, marketing, brand and corporate functions variable costs.

At the 2023 half year results, we set a target to deliver £50 million of annualised run rate savings from Phase II of the Simplification programme by the end of 2025. At 31 December 2025, the programme achieved this target, delivering a total run rate saving of £52 million, with £17 million realised during 2025. The savings were primarily achieved through the continued rationalisation of the Group's technology and property estate, operational and IT efficiencies arising from investment in Advice technology, and lower functional support costs as we continued to simplify our governance and internal administration processes. As a result, base costs reduced both in absolute terms and as a proportion of revenues, representing 31% of revenue in 2025 (2024: 33%).

Revenue-generating staff base costs increased by 9% to £110 million (2024: £101 million) and remains at a comparable proportion of revenues as we continue to invest in our customer-facing people and proposition across our business segments to drive growth.

Variable staff compensation of £88 million (2024: £82 million) increased by 7% due to National Insurance changes and improved business performance. Other variable costs of £55 million (2024: £51 million) includes our brand investment in the second half of the year and an increase in Platform costs owing to the significant growth in Platform average AuMA.

Regulatory and insurance costs increased by 17% to £21 million (2024: £18 million) largely reflecting increases to the FSCS levy during the first half of the year.

Adjusted profit before tax*

Adjusted profit before tax increased by 6% to £207 million (2024: £196 million), reflecting the combined impacts of the revenue and expense items outlined above. The Group's operating margin improved to 30%, representing a 1 percentage point increase compared to the prior year (2024: 29%).

Adjusted diluted earnings per share increased 4% to 11.0 pence (2024: 10.6 pence).

Financial review *continued*

Taxation

The effective tax rate ("ETR") on adjusted profit before tax was 25.6% (2024: 24.4%). The Group's ETR is broadly in line with the UK headline corporation tax rate of 25% and there are no material movements for the year. The Group's ETR is dependent on a number of factors, including tax rates on profits in jurisdiction outside the UK and the value of non-deductible expenses or non-taxable income.

The Group's IFRS income tax expense was a charge of £204 million for the year ended 31 December 2025, compared to a charge of £69 million for the prior year. The income tax expense or credit can vary significantly year-on-year as a result of market volatility and the impact that market movements have on policyholder tax. The recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's IFRS revenue) has historically been volatile due to timing differences between the recognition of policy deductions and credits and the corresponding policyholder tax expense, resulting in the need for significant adjustments to the adjusted profit to remove these distortions. The Group made refinements to its unit pricing policy at the end of 2024 which, as expected, reduced the volatility in these timing differences in 2025. See note 7(b)(vii) to the consolidated financial statements.

Reconciliation of adjusted profit before tax* to IFRS result

Adjusted profit before tax represents the Group's IFRS result, adjusted for specific items that management considers to be outside of the Group's normal operations or one-off in nature, as detailed in note 7(a) in the consolidated financial statements. The exclusion of certain adjusting items may result in adjusted profit before tax being materially higher or lower than the IFRS profit or loss after tax.

Adjusted profit before tax does not provide a complete picture of the Group's financial performance, which is disclosed in the IFRS consolidated statement of comprehensive income but is instead intended to provide additional comparability and understanding of the financial results.

Reconciliation of adjusted profit before tax to IFRS profit/(loss) after tax (£m)	2025	2024
Affluent	169	148
High Net Worth	47	48
Head Office	(9)	-
Adjusted profit before tax*	207	196
Adjusting items:		
Impact of acquisition and disposal-related accounting	(17)	(40)
Business transformation costs	(31)	(26)
Skilled Person Review	-	(10)
Customer remediation exercise	20	(76)
Other customer remediation	-	3
Exchange rate movement (ZAR/GBP)	-	1
Policyholder tax adjustments	2	(90)
Finance costs	(18)	(18)
Total adjusting items before tax	(44)	(256)
Profit/(loss) before tax attributable to shareholder returns	163	(60)
Tax attributable to policyholder returns	161	95
Income tax expense	(204)	(69)
IFRS profit/(loss) after tax	120	(34)

The impact of acquisition and disposal-related accounting costs of £17 million (2024: £40 million) includes amortisation of acquired intangible assets and acquired adviser schemes. During the year the intangible asset related to the Group's original acquisition of Quilter Cheviot became fully amortised, which has reduced the overall amortisation charge.

Business transformation costs of £31 million were incurred in 2025 (2024: £26 million), which reflects the delivery of Simplification programme initiatives. During 2025, the Group achieved its target to deliver £50 million of annualised cost savings as part of the Business Simplification programme. As at 31 December 2025, £52 million of annual run-rate savings were delivered over the lifetime of the current Simplification programme. Further modest implementation costs are expected during 2026 to complete the Advice and Wealth Transformation Programmes and the final closure costs for Business Simplification.

Financial review *continued*

For 2025, a customer remediation credit has been recognised of £20 million (2024: cost of £76 million). The current year credit represents a £22 million reduction in the customer remediation exercise provision due to changes made to reflect current expected experience, partially offset by a cost of £2 million for the unwinding of discounting. The assumptions used to determine the value of the customer remediation provision include the proportion of customers within the scope of the review and the interest rates on redress payable which are aligned to the updated Financial Ombudsmen Service policy. Both of these have resulted in a decrease of the total amount of costs that are anticipated to be incurred as part of the customer remediation exercise. The unwinding of discounting reflects the passage of time since 31 December 2024 when calculating the present value of future costs for the purposes of determining the value of the provision as at 31 December 2025. See note 30 in the consolidated financial statements. Charges and credits relating to the customer remediation exercise are excluded from adjusted profit as management considers the exercise to be outside of the Group's normal operations and one-off in nature.

During 2025, there was no income or cost recognised (2024: £1 million income) due to foreign exchange movements on cash held in South African Rand in preparation for payments of dividends to shareholders. Cash was converted to South African Rand upon announcement of the dividend payments to provide an economic hedge for the Group. The foreign exchange movements in 2024 were fully offset by an equal amount taken directly to retained earnings.

For 2025, the total amount of policyholder tax adjustments to adjusted profit is a charge of £2 million (2024: £90 million credit). Adjustments to policyholder tax are made to remove distortions due to the recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's income) which may vary in timing to the recognition of the corresponding tax expense, creating volatility in the Group's IFRS profit or loss before tax. The Group made changes to the unit pricing policy relating to policyholder tax charges in 2024. As expected, this has significantly reduced the volatility in these timing differences, and in turn, the value of the policyholder tax adjustments in 2025.

Review of financial position

Capital and liquidity

Solvency II

The Solvency II figures for the year to 31 December 2025 in this section of the financial review are prepared on a pro forma basis and have not been audited. The pro forma solvency position presented below is after allowing for the impacts of the profits for the year to 31 December 2025, the foreseeable dividend payment of £58 million and the Share Buyback Programme of £100 million.

The Group's solvency surplus is £846 million at 31 December 2025 (31 December 2024: £851 million), representing a solvency ratio of 200% (31 December 2024: 219%).

	At 31 December 2025 ¹	At 31 December 2024 ²
Group Solvency II capital (£m)		
Own funds	1,689	1,566
Solvency capital requirement ("SCR")	843	715
Solvency II surplus	846	851
Solvency II coverage ratio	200%	219%

¹ Based on preliminary estimates including the impact of the profits for the year and the impact of the Share Buyback Programme.

² As reported in the Group Solvency and Financial Condition Report for the year ended 31 December 2024.

The Group solvency ratio has reduced primarily due to the Share Buyback Programme, dividend payment and the negative impact of market variances, partly offset by the net profit in the year. The Group solvency surplus amount has remained broadly stable as the increase in own funds approximately matches the increase in solvency capital requirement.

The Group's own funds include the Quilter plc issued subordinated debt security which qualifies as capital under the UK Solvency II rules. The composition of own funds by tier is presented in the table below.

	At 31 December 2025	At 31 December 2024
Group own funds (£m)		
Tier 1 ¹	1,486	1,366
Tier 2 ²	203	200
Total Group Solvency II own funds	1,689	1,566

¹ All Tier 1 capital is unrestricted for tiering purposes.

² Comprises a UK Solvency II compliant subordinated debt security in the form of a Tier 2 bond, which was issued at £200 million in January 2023.

The Group SCR is covered by Tier 1 capital, which represents 176% of the Group SCR of £843 million. Tier 2 capital represents 24% of the Group solvency surplus.

Financial review *continued*

Final Dividend

The Quilter Board recommended a Final Dividend of 4.3 pence per share at a total cost of £58 million. Subject to shareholder approval at the 2026 Annual General Meeting, the recommended Final Dividend will be paid on Monday 18 May 2026 to shareholders on the UK and South African share registers on Friday 17 April 2026 (the "Record Date"). For shareholders on our South African share register, a Final Dividend of 94.67035 South African cents per share will be paid, using an exchange rate of 22.01636.

The proposed Final Dividend takes the total dividend in respect of 2025 to 6.3 pence per share, which is equivalent to a pay-out ratio of 60%.

Holding company cash

The available holding company cash statement includes cash flows generated by the three main holding companies within the business: Quilter plc, Quilter Holdings Limited and Quilter UK Holding Limited. The flows associated with these companies will differ markedly from those disclosed in the statutory statement of cash flows, which comprises flows from the entire Quilter plc Group including policyholder movements.

Holding company cash (£m)	2025	2024
Opening cash at holding companies at 1 January	462	349
Dividends paid	(84)	(73)
Net capital movements	(84)	(73)
Head Office costs and Business transformation funding	(30)	(34)
Net interest received	6	18
Finance costs	(17)	(17)
Net operational movements	(41)	(33)
Cash remittances from subsidiaries	204	325
Capital contributions, loan repayments and investments	(112)	(102)
Other net movements	-	(4)
Internal capital and strategic investments	92	219
Closing cash at holding companies at the end of the year	429	462

Net capital movements

Net capital movements in the year totalled an outflow of £84 million, which relates exclusively to dividend payments made to shareholders.

Net operational movements

Net operational movements were an outflow of £41 million for the year, which includes £30 million of corporate and transformation costs, finance costs of £17 million relating to coupon payments on the Tier 2 bonds and non-utilisation fees for the revolving credit facility, and £6 million of net interest income received on money market funds, Group loans and cash holdings.

Internal capital and strategic investments

The net inflow of £92 million is principally due to £204 million of cash remittances from subsidiaries, partially offset by £112 million of capital contributions to cover the potential customer remediation exercise across the Quilter Financial Planning network of Appointed Representative firms, support business operations and further investment in the underlying business through acquisitions made. Capital contributions also include contributions made to the Employee Benefit Trust of £19 million (2024: £12 million) to fund current and anticipated share based payment awards.

Capital Return and Distribution Policy

Following a capital review undertaken by the Board, the Group is returning up to £100 million to shareholders by way of a Share Buyback Programme (the "Programme"). This Programme is expected to commence as soon as practicable and is expected to complete by the end of 2026. The surplus capital identified for the Programme is considered by the Board to exceed that required to manage the business once regulatory capital requirements, liquidity risk management requirements, and future investment in the business for the foreseeable future (including modest inorganic acquisitions) is taken into consideration. Ongoing consideration of the capital position of the Group, including the speed and quantum of acquisition activity and further capital support, will continue to be assessed.

The Board also adopted a new Distribution Policy. From 2026 onwards, the Board intends to distribute approximately 70% of post-tax, post-interest adjusted profit to shareholders. Within this, the Board expects modest annual growth in the amount of the ordinary dividend payable in cash, with the remainder of the distribution implemented through annual share buyback programmes to be announced each year alongside the Full Year Results. This is expected to lead to progressive growth in the dividend per share, supported by a lower number of shares in issue as a consequence of the share buyback programmes. The Interim Dividend in each year will, in normal circumstances, be set at one third of the previous year's total dividend.

Summary

Quilter has benefitted from another year of consistent financial performance. The Group has continued to grow market share, and net inflows reached record levels during the year. Revenues have increased and disciplined cost management has delivered a 30% operating margin. The balance sheet strength has allowed the announcement of up to £100 million being returned to shareholders by way of a Share Buyback Programme. We have enhanced anticipated regular returns to shareholders through implementing a new Distribution Policy of 70% of post-tax, post interest adjusted profit through a combination of ordinary dividends and regular ongoing share buybacks.

Mark Satchel

Chief Financial Officer