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JUST GROUP plc
BUSINESS UPDATE FOR THE YEAR ENDED 31 DECEMBER 2021

Just Group plc ("Just", the "Group") announces a business update for the year ended 31 December 2021.

Highlights

- **Retirement Income sales up 25% to £2.7bn,** of which Defined Benefit De-risking ("DB") sales were up 28% to £1.9bn.
- **New business profits grew by a "low double digit" percentage, with lower new business strain.** IFRS new business margins improved in H2 21, and are expected to be c.8.5% for the full year. Over one-third of DB sales are in the capital efficient deferred members segment and as a result, Solvency II new business capital strain for 2021 as a whole will be below 2% of premium.
- **Underlying organic capital generation more than double the FY20 result**, exceeding our 2022 target a year ahead of expectations.

Retirement Income sales for 2021 up 25% to £2.7bn

Just Group new business[1]	12 months to 31/12/21	12 months to 31/12/20	Change
	£m	£m	%
Defined Benefit de-risking	1,935	1,508	28
Guaranteed Income for Life (incl. Care)[2]	739	637	16
Retirement Income sales	**2,674**	**2,145**	**25**

The DB market is buoyant in particular over the second half of 2021. During 2021, we completed 29 transactions (2020: 23 transactions), and significantly increased the proportion of business from the DB deferred segment. Total DB De-risking sales exceeded £1.9bn, a record for the Group. This heightened activity in H2 21 has continued, with a strong pipeline of opportunities available.

The market for guaranteed income for life solutions has recovered strongly following the COVID-19 related sales disruption in the first half of 2020. Sales in 2021 were up 16% on 2020 and 8% higher than 2019. In recognition of the outstanding service we deliver, we were named Company of the Year at the recent Financial Adviser Service Awards, as well as achieving five stars in both the Pensions and Protection, and Mortgages categories.

DB deferred business

In early 2021 we expanded our proposition in the DB de-risking market to meet fully the needs of schemes and trustees. As a consequence of multi-year de-risking journeys, scheme funding levels across the industry have improved. This has increased the deferred part of the DB market with more schemes able to afford full scheme de-risking as opposed to pensioner-only de-risking. We expect this trend to continue.

We are pleased that the level of DB deferred business written by the Group in 2021 has exceeded our targets and represented 38% of total DB sales (2020: 2%). DB deferred business is written at significantly better Solvency II new business strain than pensioner in-payment DB and retail business. This longer duration business has a slightly lower upfront IFRS new business profit margin, however it delivers similar total profits over the lifetime of the contract.

Underlying organic capital generation ("UOCG")

The higher proportion of DB deferred business combined with our continued focus on risk selection, pricing discipline, asset diversification and cost control have resulted in the Group achieving an outperformance in new business strain. Sales have increased by 25%, however the amount of capital invested in new business has reduced. As a result, we expect that UOCG will be more than double the FY20 result, exceeding our 2022 target a year ahead of expectations.

David Richardson, Group Chief Executive, said:

"Over the last two years we have transformed the business and are now in a position to deliver profitable and sustainable growth to shareholders. This is demonstrated by the excellent 25% Retirement Income sales growth in 2021 at attractive profit margins. The growth potential for the Group in the DB market is significant and has been further strengthened by the deployment of our expanded capital light DB deferred proposition.

This profitable growth has been achieved alongside more than doubling our underlying organic capital generation, enabled by a further reduction in our market leading new business strain and tight cost control. Our sustainable growth strategy is further enhanced by the ability to accelerate low capital strain new business sales. This creates substantial future value in addition to our existing in-force book.

Furthermore, we are comfortable with our robust capital position and are pleased that we have finalised the regulatory treatment of lifetime mortgages in our internal model.

I am very grateful for the fantastic effort from our colleagues during 2021. Once again they provided outstanding service to our customers and distribution partners, enabling us to help more people achieve a better later life. We are in a strong position to deliver further profitable growth at attractive returns for shareholders in 2022 and beyond."

FINANCIAL CALENDAR	DATE
Results for the year ended 31 December 2021	10 March 2022

Note 1: Numbers in table subject to rounding.
Note 2: Care Plan sales are now reported within GIfL. 2020 comparators have been adjusted.
Note 3: The determination of market leading is based on published information from the annuities segment of peer group companies.
Note 4: All the figures are unaudited

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A copy of this announcement will be available on the Group's website www.justgroupplc.co.uk

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