

NUTMEG SAVING AND INVESTMENT LIMITED
(Registered Number: 07503666)

Annual report for the year ended 31 December 2023

NUTMEG SAVING AND INVESTMENT LIMITED

Annual report for the year ended 31 December 2023

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NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023

The directors present the strategic report of Nutmeg Saving and Investment Limited (the "Company") for the year ended 31 December 2023.

Review of business

The directors were satisfied with the performance of the Company. The Company continues to take a long-term view and invest strategically in people and technology to build a business of scale.

Key performance indicators ("KPIs")

The results are monitored against expectations of the business activities. The Board of Directors monitors progress on the performance of the Company by reference to the following KPIs:

Financial Performance (in GBP)	2023	2022
Income statement (restated)		
Loss for the financial year ⁽¹⁾	(42,370,554)	(32,194,162)
Assets under management (AUM)	5,631,345,146	4,525,889,744
Capital		
Total Capital Resources ⁽²⁾	77,720,987	49,999,453
Regulatory Capital Requirement (unaudited) ⁽³⁾	13,112,595	9,992,979
Excess of total capital resources over regulatory capital requirement (unaudited)	64,608,392	40,006,474

(1) 2022 loss for the financial year is restated. Refer to notes 22 & 23 for further details.

(2) Regulatory capital resources restated for 2022 for restated loss as above.

(3) Regulatory capital requirement is the Own Funds Requirement under IFPR.

Capital resources are inclusive of audited current year losses.

Income statement

The income statement for the year ended 31 December 2023 is set out on page 19. The loss for the financial year was £42 million (2022: £32 million).

Balance sheet

The balance sheet is set out on page 20. The Company has total assets and total liabilities of £103 million (2022: £74 million) and £19 million (2022: £19 million) respectively, as at 31 December 2023.

On 2 October 2023 (2022: 1 July 2022), the Company issued additional share capital of £70 million (2022: £40 million) through the issuance of 1,000 (2022: 1,000) ordinary shares to JPMorgan Chase Holdings LLC.

Overview

The Company is incorporated in England and Wales and domiciled in United Kingdom. It is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding company incorporated under Delaware law in 1968, it is a leading global financial services Firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Company had £103 million in assets and £84 million in total equity as of 31 December 2023.

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Future outlook

The Company continues to invest in product innovation, user experience, technology, client acquisition and people in order to extend its leadership position in digital wealth management. The business is on track with its long-term business plan and continues to grow cost-effectively. With the ongoing integration with Chase under the JPMorgan umbrella this relationship will continue to play an even larger part in the Company's model, attracting more clients and accelerating the benefits of scale by leveraging the core processes that have been built over several years.

The Company's outlook for the full 2024 year should be viewed against the backdrop of the global economy, financial markets activity, the geopolitical and competitive environment, client activity levels and regulatory and legislative developments in the countries where the Company does business. Each of these inter-related factors will affect the performance of the Company and its line of business.

The Firm and the Company continue to monitor potential secondary impacts of geopolitical conflicts, including the war in Ukraine and Middle East instability. This includes increased market volatility, inflationary pressures and the effects of financial and economic sanctions imposed by various Governments on its businesses. The Firm and the Company also continues to monitor and manage the operational risks associated with geopolitical conflicts, including compliance with sanctions and the increased risk of cyber-attacks.

Statement by the Directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006

Directors' statement of compliance with duty to promote success of the Company

This statement sets out how the Directors have fulfilled their duty to comply with the requirements of Section 172 of the Companies Act 2006 and explains how the directors have considered broader stakeholder interests when making decisions to promote the success of the business.

Basis of decision making

Business decisions are made with the needs of key stakeholders in mind, particularly customers, shareholders, employees, counterparties, suppliers and regulators.

In 2023, the Board has made decisions in respect of a wide variety of topics and the following are examples of how the Board considered the s.172(1) factors in its deliberations:

Engagement with stakeholders

The Board is committed to effective engagement with stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of its engagement with stakeholders, the Board seeks to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in its decision making. The Board acknowledges that not all decisions will necessarily result in a positive outcome for all stakeholders.

Employees

The Company continues to place a strong emphasis on a mutually beneficial relationship with its employees, whom it regards as fundamental to the future success of the business. The Company place a high value on attracting, retaining, and developing talented people and promoting a culture of diversity and inclusion.

Customers

The needs of the customer are fundamental to everything that the Company does, with the products and services designed to provide a clear and transparent user experience and help customers to realise their investment goals.

The Financial Conduct Authority ("FCA") published new rules on Consumer Duty (the "Duty") standards which required the Company to review and approve an implementation plan in relation to its activities to be compliant with the Duty. Following the approval of the implementation plan by the Board in October 2022, there were further enhancements following an internal audit observation with a post implementation plan being assessed on the adequacy and effectiveness of the Duty which was presented to the Board for its review and consideration, with the Board approving the post implementation plan and being comfortable that this was sufficiently developed to meet the new Consumer Duty standard.

During 2023, the Board appointed the Consumer Duty Champion who was engaged in reviewing and providing challenge for both the post implementation plan and the Board Management Information being developed by the business which will aid the Board to provide a sign off on the Annual Board Report due by the end of July 2024.

The Board considered and approved the policy to implement a Prudent Segregation Amount (PSA) to mitigate the risk of shortfall in client money while being held at third party Payment Service Providers (PSPs).

Suppliers

The Company enters into a variety of agreements with suppliers. We aim to treat all suppliers fairly, openly, and as valued partners.

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Statement by the Directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006 (continued)

Regulator

The Company is regulated by the FCA and operates in a highly regulated industry. We recognise that regulation is designed to protect both investors and market participants, creating a level playing field and ensuring confidence in the markets. We therefore view regulation as an extremely positive factor for our business and always engage with our regulators in an open and flexible manner.

The Board considered and approved the annual Internal Capital Adequacy and Risk Assessment Process ("ICARA") document. Such consideration included briefing sessions for directors on the ICARA in which they challenged the ICARA document prior to the board meeting at which it was ultimately approved. The purpose of the ICARA specific sessions was for the directors to satisfy themselves that the ICARA appropriately represents the Company's risk profile, capital and liquid asset requirements, recovery plan and wind-down plan and, to determine that the Company has the appropriate internal procedures and processes in place to ensure it possesses adequate capital and liquid assets, and recovery plan and wind-down plan.

Impact on the Community and the Environment

Environmental, social and governance ("ESG") considerations are central to our investment philosophy and decision making, as demonstrated by the integration of ESG factors in all our portfolio ranges. In addition, all clients can see the measurable impact their investment is having across a number of criteria including reduction in carbon emissions, companies within the portfolio with fair pay practices or investments in businesses with 30% or higher female representation at the Board level. The Company is aware of its responsibilities to act as a good corporate citizen. We aim to give back to the community and actively support and participate in a range of charitable and socially responsible activities.

Future developments

During the year, following the resignation of the Chief Executive Officer ("CEO") of the Company, the Board appointed an interim CEO with a broader search undertaken to find a successor. Having considered the strategic direction and long-term success of the Company and impact on staff, the Board identified and approved the appointment of a suitable candidate internally to succeed the former CEO. The appointment of a new director and CEO being subject to regulatory approval.

The integration of the business within the Firm continues with the Board providing oversight and challenge as the business is integrated, to ensure retention of staff and the right culture exists for the business. During 2023, the Company's staff were being relocated to the Bank Street offices and now form part of the broader International Consumer Banking team which has created a culture of inclusion.

Regulatory developments

Consumer Duty

The FCA's new Consumer Duty (the "Duty") came into force in 2023. The Duty applies to the regulated and ancillary activities of all firms regulated under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017 and E-money Regulations 2011 in respect of products and services for prospective and actual retail customers. For new and existing products or services that are open to sale or renewal the rules came into force on 31 July 2023. For closed products or services, the rules will come into force on 31 July 2024.

The Duty requires firms to act to deliver good outcomes for their retail customers. Firms are expected to provide customers with products and services that meet their needs and offer fair value. Retail customers should receive communications they can understand and get the customer support they need, and when they need it. The Duty also requires firms to demonstrate that their products consistently deliver good outcomes.

Consumer Duty governance and implementation programmes were established to coordinate and oversee the required changes. The Company implemented the necessary regulatory obligations pursuant to the Consumer Duty before the compliance date of 31 July 2023. Work is now being undertaken to further embed and operationalise the Duty.

Risk management

Risk is an inherent part of the Company's business activities. The Company's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors, and protecting the safety and soundness of the Company.

The Firm and Company believe that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Company;
- Ownership of risk identification, assessment, data and management within each Line of Business ("LOB") and Corporate; and
- A Firmwide risk governance and oversight structure.

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Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

The Firm's risk governance structure is based on the principle that each LOB is responsible for managing the risk inherent in its business, albeit with appropriate corporate oversight. Each LOB risk committee is responsible for decisions regarding its business risk strategy, policies (as appropriate) and controls. Therefore, each LOB within the Company forms part of the Firmwide risk governance structure.

To complement the global line of business structure, there is a regional governance construct:

- The EMEA Risk Committee ("ERC") and the EMEA Legal Entity Risk Committee ("ELERC") (an ERC sub-committee) provide oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and relevant branches as well as EMEA branches of ex-EMEA firms;
- The ERC is accountable to the EMEA Management Committee ("EMC"). It reports to the Firmwide Risk Committee ("FRC"), the EMEA HR Control Forum, in addition to the EMC; and
- The International Consumer Banking Risk Committee ("ICBRC"), which provides oversight of risks inherent in the International Consumer Banking business (including the Company), has a reporting line to the ERC.

All disclosures in the Risk management section (pages 4 - 11) are unaudited unless otherwise stated.

The following sections outline the key risks that are inherent in the Company's business activities.

A detailed description of the policies and processes adopted by the Firm may be found within the Firm's 2023 Annual Report on Form 10-K. The report is available at <https://jpmorganchaseco.gcs-web.com/financial-information/sec-filings>.

Capital risk (audited)

Capital risk is the risk that the Company has an insufficient level or composition of capital to support the Company's business activities and associated risks during both normal economic environments and under stressed conditions.

A strong capital position is essential to the Company's business strategy and competitive position. Maintaining a strong balance sheet to manage through economic volatility is considered a strategic imperative of the Firm's Board of Directors, CEO and Operating Committee. The Firm and Company's capital management strategy focuses on maintaining long-term stability to enable the Firm to build and invest in market-leading businesses, even in a highly stressed environment. Senior management considers the implications on the Company's capital prior to making significant decisions that could impact future business activities. In addition to considering the Company's earnings outlook, senior management evaluates all sources and uses of capital with a view to ensuring the Company's capital strength.

Key capital risks include the risk of not meeting capital requirements, including the impact of adverse changes in FX rates in capital ratios.

The capital adequacy framework set by the Company outlines both regulatory and internal capital resources and requirements resulting from Company's business model, strategy, risk profile and management, performance and planning, risks to capital, and the implications of stress testing. The assessment of capital adequacy is driven by an assessment of risks.

Accordingly, the capital management framework is designed to ensure that the Company is adequately capitalised at all times primarily in relation to:

- Meet minimum regulatory capital requirements (own funds threshold requirement under the Investment Firms Prudential Regime ("IFPR")), plus any individual capital guidance requirement if set by the FCA;
- Cover the risks faced by the Company, through regular comparisons of regulatory and internal capital requirement; and
- Operate within senior management's risk appetite expressed, for example, through the application of an internal capital buffer and preferred minimum capital requirements above those prescribed by regulation.

The EMEA Capital Committee, which has senior business, risk and control function representation, receives monthly updates of the Company's capital positions and projections and has oversight on decisions related to capital usage and capital strategy. The framework used to manage capital is based around a regular cycle of point-in-time capital calculations and reporting, supplemented by forward-looking projections and stress-testing, with corrective action taken as and when required to maintain an appropriate level of capitalisation. Each part of the process is subject to rigorous control. Escalation of issues is driven by a business as usual ("BAU") framework of specific triggers, set in terms of capital requirements, movements in capital requirements and resources, and other measures.

In addition to the BAU capital monitoring framework, through the quarterly ICARA, the Company ensures that it is adequately capitalised in relation to its risk profile and appetite, not only as at the ICARA date, but through the economic cycle and under a range of severe but plausible stress scenarios. The ICARA results are reviewed by the EMEA Capital Committee, and reviewed and approved by the Company's Board of Directors. In addition, the annual 'reverse stress testing' exercise is used to identify potential, extreme scenarios which might threaten the viability of the Company's business model, so that any required mitigation can be put in place.

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Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Capital risk (audited) (continued)

The composition of the Company's capital is as follows. Capital resources are shown net of applicable deductions.

	2023	2022 (restated)*
	£	£
Common Equity Tier 1 (equity share capital and reserves balances after deductions)	77,720,987	49,999,453
Total Capital Resources	77,720,987	49,999,453
Regulatory capital requirement (unaudited)	13,112,595	9,992,979
Excess of total capital resources over Regulatory capital requirement (unaudited)	64,608,392	40,006,474

* Regulatory capital resources restated for 2022 (previously: £52,204,321) for restated accumulated losses (refer notes 22 and 23).

The Company is subject to the FCA's IFPR. The regulatory capital requirement is the Own Funds Requirement under IFPR. In 2023 and 2022 the total capital resources exceeded the regulatory capital requirements.

On 2 October 2023 (2022: 1 July 2022), the Company issued additional share capital of £70 million (2022: £40 million) through the issuance of 1,000 (2022: 1,000) ordinary shares to JPMorgan Chase Holdings LLC.

As of 31 December 2023 and 31 December 2022, the Company was adequately capitalised and met all external capital requirements. Capital resources are inclusive of current year audited losses.

Credit risk (audited)

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. Credit risk management monitors, measures, and manages credit risk throughout the Firm and defines credit risk policies and procedures. The Company's credit risk exposure is limited due to the nature of the business conducted within the entity. Its credit risk profile arises from cash held with other banks and / or internal counterparties.

Expected credit loss measurement

Approach to measuring expected credit losses

The Company estimates credit impairment through an expected credit losses ("ECL") allowance. ECL are recognised for financial assets that are measured at amortised cost. The measurement of ECL must reflect:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and evidence - based information about past events, current (economic) conditions, and forecasts of future economic conditions.

The measurement of ECL also reflects how the Company manages the financial instruments for credit risk purposes such as Traditional Credit Products ("TCP"), and non-traditional credit products ("Non-TCP"). Non-TCP consist of financial assets measured at amortised cost which include debtors and cash and cash equivalents. The Company did not have any TCP products.

The following table sets out the balances of the Company's financial assets that are measured at amortised cost within the Non-TCP category:

Balance sheet categories	Non-TCP	
	2023	2022
	£	£
Assets		
Debtor and other receivables	7,141,976	3,138,424
Cash and cash equivalents	88,360,572	63,466,951
	95,502,548	66,605,375

For Non-TCPs, the Company utilises a combination of an established provision matrix, as well as quantitative and qualitative considerations to estimate ECL.

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Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Credit risk (audited) (continued)

Expected credit loss measurement (continued)

Approach to measuring expected credit losses (continued)

During the year, the Company recognised no ECL on Non-TCP balances as the ECL related to these exposures is assessed as immaterial. The Company's approach to measuring ECL for Non-TCP portfolios depends on the type of instrument. Refer to the Credit exposures section for an analysis per balance sheet line item.

Credit exposures

Balance sheet exposure by financial asset

The table below presents the Company's gross balance sheet exposure to credit risk from financial assets.

	<u>2023</u>	<u>2022</u>
	£	£
Debtor and other receivables	7,141,976	3,138,424
Cash and cash equivalents	88,360,572	63,466,951
	<u>95,502,548</u>	<u>66,605,375</u>

Debtors and other receivables

Debtors comprises of fees receivable pertaining to the investment management services. It also includes £2.8 million (2022: £nil) on account of Firm money placed in the client money bank account as prudent segregation to mitigate the risk of a shortfall in client money while being held at third party payment service providers.

Cash and cash equivalents

The Company places substantially all of its deposits with JPMorgan Chase undertakings and other investment-grade banks.

The Company includes cash and cash equivalents in Stage 1 as investment-grade institutions are considered to have high quality credit with low risk of default and therefore a significant increase in credit risk is not deemed probable or material.

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Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Liquidity risk (audited)

Liquidity risk is the risk that the Company will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Liquidity risk management

The Firm has a Liquidity Risk Management ("LRM") function, acting as second line of defence, whose primary objective is to provide independent oversight of liquidity risk across the Firm. LRM's responsibilities include, but are not limited to:

- Defining, monitoring and reporting liquidity risk metrics;
- Independently establishing and monitoring limits and indicators including liquidity risk appetite;
- Developing a process to classify, monitor and report limit breaches;
- Performing an independent review of liquidity risk management processes to evaluate their adequacy and effectiveness based on the LRM's Independent Review Framework;
- Monitoring and reporting internal Firmwide and legal entity liquidity stress tests, regulatory defined metrics, as well as liquidity positions, balance sheet variances, and funding activities; and
- Approving or escalating for review new or updated liquidity stress assumptions.

Risk governance and measurement

The Company's governance framework is supplemented by the firmwide and regional governance frameworks. The Company's governance framework is owned by the Board.

The responsibilities of the Company's Board of Directors with respect to liquidity and risk management include approving the risk appetite of the legal entity, and reviewing entity-level risk limits as appropriate. Other responsibilities of the Board include the review of the Recovery Plan and Wind-down Plan of the Company.

Liquidity management

Treasury and Chief Investment Office ("T/CIO") is responsible for liquidity management. The primary objectives of the Firm's liquidity management are to:

- Ensure that the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events, and
- Manage an optimal funding mix, and availability of liquidity sources.

The Firm addresses these objectives through:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved liquidity risk appetite tolerances and limits;
- Managing compliance with regulatory requirements related to funding and liquidity risk; and
- Setting Funds Transfer Pricing ("FTP") in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralised, global approach designed to:

- Optimise liquidity sources and uses;
- Monitor exposures;
- Identify constraints on the transfer of liquidity between the Firm's legal entities; and
- Maintain the appropriate amount of surplus liquidity at a Firmwide and legal entity level, where relevant.

Liquidity Requirements

The Company operates within the constraints set out by the Firm's liquidity management and FCA liquidity rules. Its liquidity position is predominantly self-funded through equity capital resources, and liquidity is readily available held in the form of cash. As such, the Company has minimal levels of funding and liquidity risk and has a proportionate supporting framework reflective of the size and nature of the activity undertaken.

This ensures the Company has sufficient liquidity to withstand a range of shocks, both idiosyncratic and/or market driven, whilst also holding adequate liquidity to enable an orderly wind-down of the Company without disruption to markets or clients.

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Liquidity risk (audited) (continued)

Funding

The directors believe that the Company's funding capacity is sufficient to meet its on balance sheet obligations.

The following table provides details on the contractual maturity of all financial liabilities:

	Less than 1 year	
	2023	2022
	£	£
Accruals	11,859,217	6,210,221
Amount owed to JP Morgan Chase undertakings	6,829,762	12,384,157
	18,688,979	18,594,378

Operational risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems. Operational Risk includes compliance, conduct, legal, and estimations and model risk.

Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Firm's control), cyber-attacks, inappropriate employee behaviour, failure to comply with applicable laws, and regulations or failure of vendors or other third-party providers to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

The Firm's control and risk management places focus on the advancements in third-party and internal use of artificial intelligence by the LOBs, such as machine learning, and how it could potentially impact the control and operational risks.

Operational Risk Management Framework

The Company leverages the Firm's Compliance, Conduct, and Operational Risk ("CCOR") Management Framework which is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk. The regional governance framework incorporates the firmwide strategy, and the Firm's policies, procedures and LOB / Corporate Function (CF) structure. The regional framework is supplemental and complementary to the global framework and also provides the requisite link between the EMEA legal entities (LEs) and the LOBs/CFs.

Operational risk can manifest itself in various ways. Operational risk subcategories such as Compliance risk, Conduct risk, Legal risk and Estimations and Model risk, as well as other operational risks, can lead to losses which are captured through the Firm's operational risk measurement processes. More information on these risk subcategories, where relevant, can be found in the respective risk management sections.

War in Ukraine and Sanctions

In response to the war in Ukraine, numerous financial and economic sanctions have been imposed on Russia and Russia-associated entities and individuals by various governments around the world, including the authorities in the U.S., UK and EU. These sanctions are complex and continue to evolve. The Firm continues to face increased operational risk associated with addressing these complex compliance-related matters. To manage this increased risk, the Firm has implemented controls reasonably designed to mitigate the risk of non-compliance and to prevent dealing with sanctioned persons or in property subject to sanctions, as well as to block or restrict payments as required by the applicable regulations.

Outsourcing risk

The Firm's Third-Party Oversight ("TPO") and Inter-affiliates Oversight ("IAO") frameworks assist the LOBs and Corporate in selecting, documenting, onboarding, monitoring and managing their supplier relationships including services provided by affiliates. The objectives of the TPO framework are to hold suppliers and other third parties to a high level of operational performance and to mitigate key risks, including data loss and business disruptions. The Corporate Third-Party Oversight group is responsible for Firmwide training, monitoring, reporting and standards.

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Operational risk (continued)

Cybersecurity risk

Cybersecurity risk is the risk of the Firm's and Company's exposure to harm or loss resulting from misuse or abuse of technology by malicious actors. Cybersecurity risk is an important and continuously evolving focus for the Firm. Significant resources are devoted to protecting and enhancing the security of computer systems, software, networks, storage devices and other technology assets. The Firm's security efforts are designed to protect against, among other things, cybersecurity attacks by unauthorised parties attempting to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage.

The Company is in the process of fully integrating into the Firm's infrastructure and security controls.

The Firm has experienced, and expects that it will continue to experience, a higher volume and complexity of cyber-attacks against the backdrop of heightened geopolitical tensions. The Firm has implemented precautionary measures and controls reasonably designed to address this increased risk, such as enhanced threat monitoring.

Ongoing business expansions may expose the Firm to potential new threats as well as expanded regulatory scrutiny including the introduction of new cybersecurity requirements. The Firm continues to make significant investments in enhancing its cyber defense capabilities and to strengthen its partnerships with the appropriate government and law enforcement agencies and other businesses in order to understand the full spectrum of cybersecurity risks in the operating environment, enhance defenses and improve resiliency against cybersecurity threats. The Firm actively participates in discussions and simulations of cybersecurity risks both internally and with law enforcement, government officials, peer and industry groups, and has significantly increased efforts to educate employees and certain clients on the topic of cybersecurity risks.

Third parties with which the Firm does business or that facilitate the Firm's business activities (e.g. vendors, supply chain, exchanges, clearing houses, central depositories, and financial intermediaries) are also sources of cybersecurity risk to the Firm and the Company. Third party cybersecurity incidents such as system breakdowns or failures, misconduct by the employees of such parties, or cyberattacks, including ransomware and supply-chain compromises, could affect their ability to deliver a product or service to the Firm or result in lost or compromised information of the Firm or its clients. Clients are also sources of cybersecurity risk to the Firm and its information assets, particularly when their activities and systems are beyond the Firm's own security and control systems. As a result, the Firm engages in regular and ongoing discussions with certain vendors and clients regarding cybersecurity risks and opportunities to improve security. However, where cybersecurity incidents occur as a result of client failures to maintain the security of their own systems and processes, clients are responsible for losses incurred.

To help safeguard the confidentiality, integrity and availability of the Firm's infrastructure, resources and information, the Firm maintains an Information Security Program designed to prevent, detect, and respond to cyberattacks. The Audit Committee is periodically provided with updates on the Firm's Information Security Program, recommended changes, cybersecurity policies and practices, ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events. In addition, the Firm has a cybersecurity incident response plan ("IRP") designed to enable the Firm to respond to attempted cybersecurity incidents, coordinate such responses with law enforcement and other government agencies, and notify clients and customers, as applicable. Among other key focus areas, the IRP is designed to mitigate the risk of insider trading connected to a cybersecurity incident, and includes various escalation points.

Business and technology resiliency risk

Disruptions can occur due to forces beyond the Firm's and Company's control such as the spread of infectious diseases or pandemics, severe weather, power or telecommunications loss, failure of a third party to provide expected services, cyberattacks and terrorism.

The Firmwide Business Resiliency Program is designed to enable the Firm to prepare for, adapt to, withstand and recover from business disruptions including occurrence of an extraordinary event beyond its control that may impact critical business functions and supporting assets (i.e. staff, technology, facilities and third parties).

The program includes governance, awareness training, planning and testing of recovery strategies, as well as strategic and tactical initiatives to identify, assess, and manage business interruption and public safety risks.

Compliance risk

Compliance risk, a subcategory of operational risk, is the risk of failing to comply with laws, rules, regulations or codes of conduct and standards of self-regulatory organisations.

Each of the LOBs and Corporate within the Company holds primary ownership of and accountability for managing compliance risk. The Firm's Operational Risk and Compliance Organisation ("Operational Risk and Compliance"), which is independent of the LOBs and Corporate, provides independent review, monitoring and oversight of business operations with a focus on compliance with the laws, rules and regulations applicable to the delivery of the Firm's products and services to clients and customers.

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Compliance risk (continued)

These compliance risks relate to a wide variety of laws, rules and regulations varying across the LOBs, Corporate and jurisdictions, and include those risks related to financial products and services, relationships and interactions with clients and customers, and employee activities.

For example, compliance risks include those associated with anti-money laundering compliance, trading activities, market conduct, and complying with the laws, rules and regulations related to the offering of products and services across jurisdictional borders. Compliance risk is also inherent in the Firm's and the Company's fiduciary activities, including the failure to exercise an applicable standard of care to act in the best interest of fiduciary clients and customers or to treat fiduciary clients and customers fairly.

Other functions provide oversight of significant regulatory obligations that are specific to their respective areas of responsibility.

Operational Risk and Compliance implements policies and standards designed to govern, identify, measure, monitor and test, manage, and report compliance risk.

Governance and oversight

Operational Risk and Compliance is led by the Firm's Chief Compliance Officer ("CCO") and the Firmwide Risk Executive for Operational Risk and Qualitative Risk Appetite who reports to the Firm's CRO. The regional CCOR Heads, including the EMEA CCO, are part of this governance structure.

The Firm maintains oversight and coordination of its compliance risk through the implementation of the CCOR Management Framework. In the UK, the EMEA CCO is a member of the EMEA Management Committee.

Code of Conduct

The Firm has a Code of Conduct (the "Code") that sets out the Firm's expectation that employees will conduct themselves with integrity at all times. The Code provides the principles that helps govern employee conduct with clients, customers, suppliers, vendors, shareholders, regulators, other employees, as well as with the markets and communities in which the Firm and the Company operates. The Code requires employees to promptly report any potential or actual violation of the Code, any internal Firm policy, or any law or regulation applicable to the Firm's business. It also requires employees to report any illegal or unethical conduct, or conduct that violates the underlying principles of the Code, by any of the Firm's employees, consultants, clients, customers, suppliers, contract or temporary workers, or business partners, or agents.

Training is assigned to newly hired employees upon joining the Firm, and to current employees periodically thereafter on an ongoing basis. Employees are required to affirm their compliance with the Code annually. Employees can report any potential or actual violations of the Code through the Firm's Conduct Hotline (the "Hotline") by phone or the internet. It is administered by an outside service provider. The Code prohibits retaliation against anyone who raises an issue or concern in good faith.

Conduct risk

Conduct risk, a subcategory of operational risk, is the risk that any action or misconduct by an employee could lead to unfair client or customer outcomes, impact the integrity of the markets in which the Firm and the Company operates, harm employees or the Firm, or compromise the Firm's or Company's reputation.

Overview

Each LOB and Corporate Function is accountable for identifying and managing its conduct risk to provide appropriate engagement, ownership and sustainability of a culture consistent with the Firm's Business Principles.

Governance and oversight

The Firm maintains oversight and coordination of its conduct risk through the CCOR Management Framework.

The Firm has a senior forum that provides oversight of the Firm's conduct initiatives to develop a more holistic view of conduct risks and to connect key programs across the Firm in order to identify opportunities and emerging areas of focus. This forum is responsible for setting overall program direction for strategic enhancements to the Firm's employee conduct framework and reviewing the consolidated Firmwide Conduct Risk Appetite Assessment.

Conduct risk management encompasses various aspects of people management practices throughout the employee life cycle, including recruiting, onboarding, training and development, performance management, promotion and compensation processes. Each LOB and each designated corporate function completes an assessment of conduct risk periodically, reviews metrics and issues which may involve conduct risk, and provides conduct education as appropriate.

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Legal risk

Legal risk, a subcategory of operational risk, is the risk of loss primarily caused by the actual or alleged failure to meet legal obligations that arise from the rule of law in jurisdictions in which the Firm and the Company operates, agreements with clients and customers, and products and services offered by the Firm and the Company.

Overview

The Global Legal function (“Legal”) provides legal services and advice to the Firm and the Company. Legal is responsible for managing the Firm’s exposure to legal risk by:

- Managing actual and potential litigation and enforcement matters, including internal reviews and investigations related to such matters;
- Advising on products and services, including contract negotiation and documentation;
- Advising on offering and marketing documents and new business initiatives;
- Managing dispute resolution;
- Interpreting existing laws, rules and regulations, and advising on changes to them;
- Advising on advocacy in connection with contemplated and proposed laws, rules and regulations; and
- Providing legal advice to the LOBs, Corporate and Board.

Legal selects, engages and manages outside counsel for the Firm on all matters in which outside counsel is engaged. In addition, Legal advises the Firm’s Conflicts Office which reviews the Firm’s wholesale transactions that may have the potential to create conflicts of interest for the Firm.

Governance and oversight

The Firm’s General Counsel reports to the CEO and is a member of the Operating Committee, the Firmwide Risk Committee and the Firmwide Control Committee. The Firm’s General Counsel and other members of Legal report on significant legal matters to the Firm’s Board of Directors and to the Audit Committee. Each region, including EMEA, has a General Counsel who is responsible for managing legal risk across all lines of business and functions in the region. Legal serves on and advises various committees and advises the Firm’s LOBs and Corporate on potential reputation risk issues.

Reputation risk

Reputation risk is the risk that an action or inaction may negatively impact perception of the Firm’s integrity and reduce confidence in the Firm’s competence by various stakeholders, including clients, counterparties, customers, communities, investors, regulators, or employees. Reputation risk is assessed and defined at the Firmwide level and is applicable to the Company.

The types of events that may result in reputation risk are wide-ranging and can be introduced by the Firm’s employees, business strategies and activities, clients, customers, and counterparties with which the Firm does business. These events could contribute to financial losses, litigation, regulatory enforcement actions, fines, penalties or other sanctions, as well as other harm to the Firm.

Organisation and management

Reputation Risk Management is an independent risk management function that establishes the governance framework for managing reputation risk across the Firm’s LOBs and Corporate. Reputation risk is inherently challenging to identify, manage, and quantify.

The Firm’s reputation risk management function includes the following activities:

- Maintaining a Firmwide Reputation Risk Governance policy and a standard consistent with the reputation risk framework; and
- Providing oversight of the governance framework through processes and infrastructure to support consistent identification, escalation, and monitoring of reputation risk issues Firmwide.

Governance and oversight

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of each LOB, Corporate function and employees to consider the reputation of the Firm when deciding whether to offer a new product, engage in a transaction or client relationship, enter a new jurisdiction, initiate a business process or consider any other activity. Environmental impacts and social concerns are increasingly important considerations in assessing the Firm’s reputation risk, and are a component of the Firm’s reputation risk governance.

Reputation risk issues that are deemed to be material are escalated as appropriate.

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Streamlined Energy and Carbon Reporting (SECR) disclosures

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and 3 (mandatory and certain voluntary) business travel emissions. This also includes an appropriate intensity metric, the total energy use of electricity, gas, other energy fuel types and transport fuel, and an energy efficiency actions summary taken during the relevant financial year.

All emissions and conversion factors are based on the latest published guidance from the Intergovernmental Panel on Climate Change's ("IPCC") Assessment Report ("AR") for Purchased Electricity and Global Warming Potentials ("GWP"), as well as, and more appropriate sources for emission factors where impactful i.e., U.S. Environmental Protection Agency ("US EPA"), International Energy Agency ("IEA"), Department for Environment, Food and Rural Affairs ("DEFRA"), Comprehensive Environmental Data Archive ("CEDA"), California Air Resources Board ("CARB") and Carbon Disclosure Project ("CDP") are applied. Robust and up-to-date energy intensities for consumption estimations are utilised from IEA data on energy consumption to estimate region-specific heating fuel trends in 65+ countries. Additionally, the regularly updated Building Performance Database from the US EPA is used to estimate heating and electricity energy usage intensity, which better reflects temporal changes in building energy efficiency. As a result, Natural Gas, Biofuels, Fugitive Emissions, Oil and Purchased electricity are estimated. Fugitive emissions estimations are due to refrigerant leaks in buildings, however, its consumption in kWh cannot be derived (as refrigerant is a heat transfer agent and not an energy source).

The table below shows the Company's energy use and associated Greenhouse Gas ("GHG") emissions aligned to the Greenhouse Gas Protocol.

Consolidated SECR Statement

GHG Emissions (mtCO₂e)^{1,6}	2023
Scope 1 – direct	13
Natural gas ²	5
Biofuels	0.01
Fugitive emissions	5
Diesel	0.1
Oil	3
Scope 2 (location) – indirect	53
Purchased electricity	53
Purchased steam and chilled water	0.2
Scope 2 (market) – indirect	0.2
Purchased electricity ⁵	-
Purchased steam and chilled water	0.2
Scope 3 (Business travel)	27
Transport - Car services mandatory (Car Rentals, Car Rental Fuel ⁸ , Personal Expensed Miles) ^{3,4}	0.02
Car Services - non mandatory (Rideshare) ⁸	5
Air ⁸ - non mandatory	19
Rail ⁸ - non mandatory	0.003
Hotel ⁸ - non mandatory	2
Total Scope 1, 2 (location) & 3 - mandatory⁷	66
GHG emissions intensity ⁷	0.22
Total Scope 1,2 (market) & 3 - mandatory^{5,7}	13
GHG emissions intensity ^{5,7}	0.04
Renewable Power (kWh)	
Electricity production (on-site solar) ⁹	524
Proportion of power use from renewable sources (production and instruments) ⁵	100%
Energy Consumption (kWh)^{1,6}	
Direct Energy	41,060
Natural gas ²	30,081
Biofuels	815
Fugitive emissions (cannot be estimated in kWh)	N/A
Diesel	356
Oil	9,808
Indirect Energy	256,872
Purchased electricity ⁵	255,764
Purchased steam and chilled water	1,108
Transport - Car Services mandatory (Personal Expensed Miles) ^{3,4}	87
Transport - Car services mandatory (Car Rentals, Car Rental Fuel ⁸) ^{3,4} (cannot be estimated in kWh)	N/A
Total Energy Consumption - mandatory (excludes-Air, Rail, Hotel, Rideshare)^{1,6}	298,019

NUTMEG SAVING AND INVESTMENT LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Risk management (continued)

Streamlined Energy and Carbon Reporting (SECR) disclosures (continued)

Consolidated SECR Statement (continued)

1. Operational approach has been used. GHG Emissions reporting are in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The calculation method is Activity Data or Spend data x Emission Factor = GHG emissions. Activity x Conversion Factor = kWh consumption. Minor differences between actual and reported GHG emissions might occur due to rounding (not more than 1%).
2. Natural Gas consumption is based on gross Calorific Value (CV) and subsequently applicable emission factor is applied to obtain emissions.
3. Transport - Car Services mandatory (Car Rentals, Car Rental Fuel, Personal Expensed Miles) includes emissions from business travel where the company is responsible for purchasing the fuel. For Car Rentals, a fuel spend based emissions approach is used due to data quality, auditability and availability of information at a legal entity level, however, consumption in kWh on spend data cannot be determined.
4. Transport - Car Services mandatory data was calculated from distance travelled data to kWh and spend or distance travelled data to GHG emissions using the calculation method explained in 1. When calculating from distance travelled, the average car size DEFRA emission factor was applied to calculate emissions. Where spend data is available, the applicable country specific CEDA emissions factor is applied based on spend type (Car rental fee, Car Rental fuel, Rideshare).
5. The Company has a 100% 'select renewable percentage' supply contract with EDF Energy and other remaining purchased electricity is covered by International Renewable Energy Certificates ("I-RECs") in the UK. The electricity supply is 100% sourced from zero-carbon energy. The supply has already been backed by Renewable Energy Guarantee of Origin ("REGOs") and I-RECs for the whole of financial year 2022 and January to March 2023. Based on the assurance given by the supplier, the REGOs from April 2023 onwards should be made available in October 2024. Using the GHG Protocol Corporate Accounting and Reporting Standards' market-based approach the above enables us to report "0 tCO₂e" under Scope 2.
6. As our sites are occupied by headcount (full time employees and consultants) from different entities of the Firm, the consumption is divided based on the total number of headcount working on the specific site and then multiplied it by the number of employees of the relevant entity.
7. Based on the nature of the Company's business, as well as following the recommendations of the SECR legislation, the Company chose the following intensity metric: Headcount average, i.e. GHG intensity is a ratio of Total mandatory GHG emissions (Scope 1, 2 (location-based/market-based) and Scope 3 Car Services) (mtCO₂e)/Headcount.
8. Scope 3 Business Travel categories include certain voluntary categories, i.e., Air, Rail and Hotel. For Air, emission factors applied are based on distance travelled and ticket class type. For Rail, country or vendor specific emission factors are applied when calculating from distance travelled or spend data. For Hotel, country specific emission factors are applied to the hotel room nights.
9. Renewable Power includes on site solar production in kWh.
10. The disclosure requirements are applicable from financial year 2023.

Energy Efficiency Actions Summary

The company continues to achieve direct and indirect savings in energy and associated carbon emissions, through operational and technological improvements, including:

- LED replacement project for "Back of house" or non-desk office areas e.g., specific lift lobby areas, car parks and selective common areas;
- Load-dependent redundancy shut-downs of UPS systems in energy efficient buildings to reduce the losses associated with each system;
- Collaborated with energy provider EDF Energy to power our UK buildings with renewable energy, matching electricity consumption to renewable generation every minute of the day;
- Replaced conventional lighting with new longer-lasting LED lights;
- Installed smart controls to achieve more efficient energy usage;
- Continued monitoring the occupation levels within UK buildings and adoption of organisation controls to reduce / cease operation of unnecessary locations;
- Utilised air conditioning demand controls at low-occupancy buildings.

The Strategic Report on pages 1 - 13 was approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.



Matthew Melling
Director
Date: 22 April 2024

NUTMEG SAVING AND INVESTMENT LIMITED

Directors' report for the year ended 31 December 2023

The directors present their report and the audited financial statements of Nutmeg Saving and Investment Limited for the year ended 31 December 2023. The Company is part of the Firm (together with its subsidiaries). The registered number of the Company is 07503666.

Results and dividend

The results for the year are set out on page 19 and show the Company's loss for the financial year after taxation is £42 million (2022: £32 million). No dividend was paid or proposed during the year (2022: £nil).

Going concern

The Company's parent, JPMorgan Chase Holdings LLC, has committed to a capital injection of £100 million in the first half of 2024 through the issuance of Nutmeg Saving and Investment Limited ordinary shares to its parent. The directors have concluded that this will allow the Company to continue as a going concern for the foreseeable future.

Financial risk management

Refer to the Strategic report for details of how the Company manages its financial risks.

Adoption of new financial reporting standards

The Company has transitioned from the previous Generally Accepted Accounting Principles ("GAAP"), Financial Reporting Framework 102 ("FRS 102") and elected to adopt FRS 101 "Reduced Disclosure Framework" ("FRS 101") with a transition date of 1 January 2022. FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom with reduced disclosures.

The detailed effect of the adoption of FRS 101 on the Company's financial statements is described in note 22.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

Clive Adamson	Independent Non Executive Director Chair
Matthew Paul Melling	Chief Financial Officer
Alice Wang	Non Executive Director
Sanoke Vishwanathan	Chief Executive Officer (appointed 17 November 2023)
Sanjiv Somani	Former Chief Executive Officer (resigned 6 August 2023)

Directors' interests

None of the directors have any beneficial interest in the Company. The Company is a subsidiary of a company incorporated in England and Wales. The ultimate holding company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

NUTMEG SAVING AND INVESTMENT LIMITED

Directors' report for the year ended 31 December 2023 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Qualifying third party indemnity provisions

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co. is available from the registered office address of the Company.

Section 172(1) Companies Act 2006 Statement

Section 172(1) Companies Act 2006 Statement is discussed in the strategic report under the heading "Section 172(1) Companies Act 2006 Statement".

Company secretary

The secretary of the Company who served during the year was as follows:

J.P. Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London E14 5JP
England

Independent auditors

PricewaterhouseCoopers LLP were appointed as independent auditors during the year.

The Directors' Report on pages 14 - 15 was approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.



Matthew Melling
Director
Date: 22 April 2024

Independent auditors' report to the members of Nutmeg Saving and Investment Limited

Report on the audit of the financial statements

Opinion

In our opinion, Nutmeg Saving and Investment Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2023; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Nutmeg Saving and Investment Limited (continued)

Reporting on other information (continued)

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management, including Internal Audit, and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of entity level controls put in place by management to prevent and detect irregularities, including additional inquiries and discussion relating to any whistleblowing incidents during 2023;
- Review of key correspondence with regulatory authority (FCA);
- Identification and testing journal entries with specific risk characteristics, in particular any journal entries posted by senior management; and
- Incorporating unpredictability into the nature, timing and extent of our testing.

Independent auditors' report to the members of Nutmeg Saving and Investment Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarah Hayman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 April 2024

NUTMEG SAVING AND INVESTMENT LIMITED

Income statement for the year ended 31 December 2023

Year ended 31 December		2023	2022 (restated)*
	Note	£	£
Fee income	6	31,539,929	27,513,425
Operating expenses		(74,135,745)	(60,240,525)
Other (expense)/income	7	(12,998)	229,195
Operating loss		(42,608,814)	(32,497,905)
Interest and similar income	8	242,070	309,647
Interest expense and similar charges	9	(3,810)	(5,904)
Loss before tax	10	(42,370,554)	(32,194,162)
Tax on loss	12	—	—
Loss for the financial year		(42,370,554)	(32,194,162)

* Refer to notes 22 and 23 for details on restatement of prior year amounts.

Statement of comprehensive income

There were no other items of comprehensive income or expense other than the loss for the financial year shown above (2022: £nil). As a result, loss for the financial year represents total comprehensive loss in both the current and prior financial year.

The notes on pages 22 - 35 form an integral part of the financial statements.

NUTMEG SAVING AND INVESTMENT LIMITED

Balance sheet as at 31 December 2023

As at 31 December		2023	2022 (restated)*
	Note	£	£
Non-current assets			
Intangible assets	13	5,926,232	5,109,126
Property and equipment	14	329,377	426,090
Total non-current assets		6,255,609	5,535,216
Current assets			
Right of use of asset	15	236,000	469,243
Financial assets held at FVTPL		2,507	—
Debtors and other receivables	16	7,710,156	4,594,661
Cash and cash equivalents	17	88,360,572	63,466,951
Total current assets		96,309,235	68,530,855
Total assets		102,564,844	74,066,071
Current liabilities			
Lease liabilities	15	(228,646)	(363,114)
Creditors and other payables	18	(18,688,979)	(18,594,378)
Total current liabilities		(18,917,625)	(18,957,492)
Net current assets		77,391,610	49,573,363
Net assets		83,647,219	55,108,579
Equity			
Share capital	19	19,672	19,671
Share premium account	19	259,310,762	189,310,763
Other reserves		909,194	—
Accumulated losses		(176,592,409)	(134,221,855)
Total equity		83,647,219	55,108,579

* Refer to notes 22 and 23 for details on restatement of prior year amounts.

The notes on pages 22 - 35 form an integral part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 April 2024 and signed on its behalf by:



Matthew Melling
Director
Date: 22 April 2024

NUTMEG SAVING AND INVESTMENT LIMITED
Statement of changes in equity for the year ended 31 December 2023

	Note	Share capital	Share premium account	Other reserves (restated)*	Accumulated losses (restated)*	Total equity (restated)
		£	£	£	£	£
Balance as at 1 January 2022		19,670	149,310,764	—	(102,137,802)	47,192,632
Impact of transition to FRS 101*	22	—	—	—	110,109	110,109
Balance as at 1 January 2022 (restated)		19,670	149,310,764	—	(102,027,693)	47,302,741
Issue of ordinary shares		1	39,999,999	—	—	40,000,000
Loss for the financial year		—	—	—	(32,194,162)	(32,194,162)
Loss for the year previously reported					(29,933,730)	
Correction of error*	23				(2,256,452)	
Impact of transition to FRS 101*	22				(3,980)	
Group share based payment costs	21	—	—	5,742,660	—	5,742,660
Group share based payment costs recharged	21	—	—	(5,742,660)	—	(5,742,660)
Balance as at 31 December 2022 (restated)		19,671	189,310,763	—	(134,221,855)	55,108,579
Issue of ordinary shares		1	69,999,999	—	—	70,000,000
Group share based payment costs	21	—	—	3,461,353	—	3,461,353
Group share based payment costs recharged	21	—	—	(2,552,159)	—	(2,552,159)
Loss for the financial year		—	—	—	(42,370,554)	(42,370,554)
Balance as at 31 December 2023		19,672	259,310,762	909,194	(176,592,409)	83,647,219

* Refer to notes 22 and 23 for details on restatement of prior year amounts.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP. The Company's immediate parent undertaking is JPMorgan Chase Holdings LLC, incorporated in the state of Delaware in the United States of America. The Company's ultimate parent undertaking and controlling party is JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"), which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the smallest and largest group in which the results of the Company are consolidated. The largest and smallest parent group's consolidated financial statements can be obtained from the Company's registered office.

Principal activities

The Company is an online discretionary investment management company. The Company is authorised and regulated by the FCA.

2. Basis of preparation

The Company has transitioned from the previous GAAP (FRS 102) and elected to adopt FRS 101 with a transition date of 1 January 2022. FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), as adopted by the UK, in conformity with the requirements of the Companies Act 2006.

Restatement to prior year amounts have been made to the Income statement, Balance sheet and Statement of changes in equity to reflect the impact of the transition from FRS 102 to FRS 101 and to correct a prior year error. Refer to notes 22 and 23 for further details.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006. As noted in the Directors Report, the Company's parent, JPMorgan Chase Holdings LLC, has committed to a capital injection of £100 million in the first half of 2024 through the issuance of Nutmeg Saving and Investment Limited ordinary shares to its parent. The directors have concluded that this will allow the Company to continue as a going concern for the foreseeable future.

The following exemptions from the requirements of IFRS in conformity with the requirements of the Companies Act 2006 have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Certain share based payment disclosures in respect of Group equity instruments (IFRS 2, 'Share-based payment' paragraphs 45(b) and 46 to 52);
- Statement of compliance with IFRS (paragraph 16, IAS 1);
- Cash flow statement and related notes (IAS 7 'Cash flow statements');
- Comparative information disclosures for the following (paragraph 38 of IAS 1 'Presentation of financial statements' ("IAS 1")):
 - reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
 - reconciliation of property, plant and equipment (paragraph 73(e) of IAS 16 'Property, plant and equipment');
 - reconciliation of intangible assets (paragraph 118(e) of IAS 38 'Intangible assets');
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Third balance sheet on retrospective accounting policy changes, restatements, or reclassifications (paragraph 40A-D, IAS 1);
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24")); and
- Related party transactions with wholly owned group undertakings (IAS 24).

2.1. Accounting and reporting developments

2.1.1 Standards adopted during the year ended 31 December 2023

The Company has applied the following amendments for the first time for the annual reporting period beginning 1 January 2023:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Amendments to IAS 12, Income Taxes.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements

2.1. Accounting and reporting developments (continued)

2.1.1 Standards adopted during the year ended 31 December 2023 (continued)

The amendments listed above did not have any impact on the amounts recognised in prior periods and current period and are not expected to significantly affect the future periods.

3. Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management makes judgements, estimates and assumptions for certain categories of assets and liabilities. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Making judgements, estimates and assumptions can involve levels of uncertainty and subjectivity and therefore actual results could differ from the reported amounts.

Some of the judgements, estimates and assumptions management makes when preparing the Company's financial statements involve high levels of subjectivity and assessments about the future and other sources of uncertainty. Those that may have a material impact on the Company's financial condition, changes in financial condition or results of operations are described below:

Intangible assets

- Judgements :
 - The Company capitalises certain employee costs incurred in internally developing software. A key judgement is the assessment of whether an internally generated intangible asset meets the criteria for recognition as per the applicable accounting standard.

4. Material accounting policies

The following are the material accounting policies that have been applied in the preparation of these financial statements. These policies have been applied consistently in each of the years presented, unless otherwise stated.

4.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in British Pound Sterling ("GBP"), which is the functional and presentation currency of the Company.

4.2 Foreign currency translation

Monetary assets and monetary liabilities in foreign currencies are translated into Pound Sterling ("GBP") dollars at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into GBP at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

4.3 Fee income recognition

Fee income is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is measured as the fair value of the consideration received or receivable.

Fee income is recognized when the performance obligations have been satisfied and for the Company that is when the services are rendered.

Fee income includes management fees, calculated daily on the actual value of assets under management, advice fees for the provision of financial advice and fees for business to business ("B2B") service provision including portfolio consultancy and trade generation.

4.4 Financial instruments

4.4.1 Financial assets and financial liabilities

i. Recognition of financial assets and financial liabilities

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of securities are recognised on the trade-date, which is the date on which the Company commits to purchase or sell an asset.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

4. Material accounting policies (continued)

4.4 Financial instruments (continued)

4.4.1 Financial assets and financial liabilities (continued)

ii. *Classification and measurement of financial assets and financial liabilities*

On initial recognition, financial assets are classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

On initial recognition, financial liabilities are classified as measured at either amortised cost or FVTPL.

iii. *Financial assets and financial liabilities measured at amortised cost*

Financial assets are measured at amortised cost if they are held under a business model with the objective to collect contractual cash flows ("Hold-to-Collect") and they have contractual terms under which cash flows are solely payments of principal and interest ("SPPI"). In making the SPPI assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. As a result of the application of these criteria, only debt financial assets are eligible to be measured at amortised cost.

Financial assets measured at amortised cost include cash and cash equivalents and debtors and other receivables that are in Hold -to- Collect business model.

Financial liabilities are measured at amortised cost unless they are held for trading or designated as measured at fair value through profit or loss. Most of the Company's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost includes creditors and other payables.

Gains and losses arising on the disposal of financial assets measured at amortised cost are recognised in 'trading profit' or other non-interest revenue as relevant.

iv. *Fractional share entitlements*

Fractional share entitlements provide clients with fully proportionate (pro rata) shares of the cash flows of a financial asset. While the Company has legal title of the referenced financial asset, the fractional share entitlements are beneficially owned by clients and are therefore not included on the Company's balance sheet.

4.4.2 Interest income and interest expense

Unless a financial asset is credit-impaired, interest income is recognised by applying the effective interest method to the carrying amount of a financial asset before adjusting for any allowance for expected credit losses. If a financial asset is credit-impaired, interest income is recognised by applying the effective interest rate to the carrying amount of the financial asset including any allowance for expected credit losses.

Interest expense on financial liabilities is recognised by applying the effective interest method to the amortised cost of financial liabilities.

Interest income and expense on financial instruments measured at FVTPL are presented in interest income and interest expense from financial instruments measured at FVTPL.

4.4.3 Non interest expense

Expenses are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

4. Material accounting policies (continued)

4.4.4 Impairment of financial assets

The Company establishes an ECL for these instruments to ensure they are reflected in the financial statements at the Company's best estimate of the net amount expected to be collected. The ECL is determined on in-scope financial instruments measured at amortised cost. ECL are measured collectively via a portfolio-based (modelled) approach for Stage 1 and 2 assets but are generally measured individually for Stage 3 assets. ECL are forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast period includes the reasonable and supportable ("R&S") forecast period, the reversion period and the residual period and considers the time value of money. In determining the ECL measurement and staging for a financial instrument, the Company applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm.

Determining the appropriateness of the allowance is complex and requires judgement by management about the effect of circumstances that are inherently uncertain. Further, estimating the allowance involves consideration of a range of possible outcomes, which management evaluates to determine its best estimate. Subsequent evaluations of the TCP portfolio, in light of the circumstances then prevailing, may result in significant changes in the ECL in future periods

The Company must consider the appropriateness of decisions and judgements regarding methodology and inputs utilised in developing estimates of ECL at each reporting period and document them appropriately.

4.5 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual right to receive cash flows from the asset has expired, or has been transferred with either of the following conditions met:

- a) the Company has transferred substantially all the risks and rewards of ownership of the asset; or
- b) the Company has neither retained nor transferred substantially all of the risks and rewards; but has relinquished control of the asset.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

4.6 Intangible assets

The Company capitalises certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortised on a straight-line basis over the software's expected useful life and reviewed for impairment on an ongoing basis.

Directly attributable costs primarily include employee costs incurred on software development.

Intangible assets are stated at cost less amortisation. Amortisation is provided on all revenue generating intangible assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- Intellectual property: 20%, straight line
- Internally Developed Software: 33.33%, straight line

The intangible assets under development and intangible assets with indefinite useful life are not amortised but are subject to impairment testing as described.

Research phase

Expenditure on the research phase of projects to develop new customised software and the development costs not meeting the recognition criteria for capitalisation are charged to the income statement as incurred.

4.7 Property, Plant and Equipment

Property and equipment, including leasehold improvements, are carried at their cost less accumulated depreciation. The Company calculates the depreciation using the straight-line method over the estimated useful life of an asset.

For IT equipment and furniture the useful life is directed by the official depreciation tables of the financial administration and depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- Computer equipment: 33.33%, straight line
- Fixtures, fittings & equipment: 20% to 33.33%, straight line

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

4. Material accounting policies (continued)

4.8 Impairment of non financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.9 Leases

The Company recognizes lease right-of-use ("ROU") assets and lease liabilities at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date plus any initial direct costs incurred, less any lease incentives received. The ROU asset is subsequently amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the ROU asset or the lease term. The estimated useful life of the ROU asset is determined on the same basis as those of the property and equipment. In addition, the ROU asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured at amortised cost using a constant periodic rate of interest. It is remeasured when there is a change in an index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in earnings if the carrying amount of the ROU asset has been reduced to zero.

4.10 Cash and cash equivalents

Cash and cash equivalents include cash and balances at banks and deposits with banks with maturities of three months or less.

4.11 Current Income tax

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current tax is recognised directly in equity if the tax relates to items that are recognised in the same or a different period in equity.

4.12 Pensions

Defined contribution scheme

A defined contribution plan is a pension plan under which the Company pays a defined level of contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense and charged to the income statement on an accrual basis.

4.13 Share-based payment awards

Share-based payment awards may be made to employees of the Company under the Firm's incentive awards schemes. The fair value of any such shares, rights to shares or share options is measured when the conditional award is made. This value is recognised as the compensation expense to the Company over the period to which the performance criteria relate together with employer's social security expenses or other payroll taxes. All of the awards granted are equity settled. The Company estimates the level of forfeitures and applies this forfeiture rate at the grant date.

5. Segment reporting

Business segments

The Company is not in scope of IFRS 8 'Operating segments', as its debt or equity are not traded on a public market, therefore segmental analysis of the Company's revenue and assets by business is not required.

Geographical segments

The Company operates primarily in the UK as listed below.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

5. Segment reporting (continued)

The following table presents revenues from business activities and total assets by geographic area.

	UK		APAC		Total	
	2023	2022	2023	2022	2023	2022
	£	£	£	£	£	£
Income statement						
Investment management fees	31,153,060	27,233,431	—	—	31,153,060	27,233,431
Fees and commissions income	238,071	11,500	148,798	268,494	386,869	279,994
Interest income	242,070	309,647	—	—	242,070	309,647
Balance sheet						
Total assets	102,564,844	74,066,071	—	—	102,564,844	74,066,071

6. Fee income

	2023	2022
	£	£
Investment management fees	31,153,060	27,233,431
Fees and commission income	386,869	279,994
	31,539,929	27,513,425

Investment management fees includes fees from investment management and related services. Investment management fees are typically based on the value of assets under management and are collected and recognised at the end of each period over which the management services are provided and the value of the managed assets is known.

Fees and commission income includes the revenue share relating to the contractual partnership arrangements which the Company has entered into with third parties for providing discretionary investment management services.

7. Other (expense)/income

	2023	2022 (restated)*
	£	£
Foreign exchange translation (loss)/ gain	(16,667)	229,195
Net gains on financial assets held at FVTPL	3,669	—
	(12,998)	229,195

*Reclassified 2022 foreign exchange translation gain, previously reported under operating expenses. Refer to note 23 for further details.

8. Interest and similar income

	2023	2022
	£	£
Interest and similar income:		
<i>Financial instruments at amortised cost</i>	242,070	309,647

9. Interest expense and similar charges

	2023	2022 (restated)*
	£	£
Interest expense and similar charges:		
<i>Interest expense for leasing arrangements</i>	3,810	5,904

*Refer to note 15 for further details.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

10. Loss before tax

	2023	2022 (restated)
	£	£
Loss before tax is stated after charging:		
Auditors' remuneration for the audit of the Company's annual financial statements	220,000	43,000
Audit-related assurance services	386,500	26,000
Amortisation of intangible assets	2,965,028	3,352,749
Depreciation of tangible assets	410,802	184,426
Marketing and advertising costs	10,572,511	11,287,880
<i>Staff costs:</i>		
Wages & salaries	23,385,149	17,781,967
Social security costs	4,266,740	3,660,893
Shared based awards	2,552,159	5,742,660
Pension costs and other benefits	4,748,845	1,583,555

The 2022 staff costs disclosure has been restated to exclude staff costs that were capitalised in the year. This correction reduces staff costs by £3.1m from the amounts previously presented ('Wages & salaries' of £2.5 million, 'Social security costs' of £0.3 million and 'Pension costs and other benefits' of £0.3 million). This restatement did not impact the Income statement.

In addition, 2022 share based awards costs were restated for a prior year error in relation to incorrect application of accounting standards for the Restricted stock units ("RSU") scheme. Refer to note 23 for details of the impact on the Income statement.

The average monthly number of staff employed by the Company during the year was 290 (2022: 213).

11. Directors' emoluments and staff costs

	2023	2022 (restated)
	£	£
Aggregate emoluments	118,968	84,080
Total contributions to a defined contribution plan	13	—
Number of directors with shares received or receivable under LTIPs	4	3
Number of directors to whom defined contribution pension rights accrued	1	—

Directors' emoluments in 2022 have been restated from £196,839 to £84,080 to correct the prior year disclosure which overstated the emoluments attributable to the directors of this entity.

In accordance with the Companies Act 2006, the directors emoluments above represent the proportion paid or payable in respect of qualifying services to the Company including LTIPs of £10,632 in 2023 (2022 restated: £5,956). Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

The aggregate compensation to non-executive directors who were members of the Board for all or part of the year ended 31 December 2023 was £76,667 (2022 restated: £59,769).

Highest paid director

The emoluments of the highest paid director is under £200,000 which is not required to be disclosed under the requirements of the Companies Act 2006.

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and not recharged.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

12. Tax on loss

	2023	2022
	£	£
(a) Analysis of tax charge for the year		
Current taxation		
Current tax on loss for the year	—	—
Total tax expense for the year	—	—

(b) Factors affecting the tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK (23.52%⁽¹⁾). The differences are explained below:

	2023	2022 (restated) ⁽⁴⁾
	£	£
Loss before taxation	(42,370,554)	(32,194,162)
Loss before taxation multiplied by standard rate of corporation tax in the UK (2023: 23.52% ⁽¹⁾ ; 2022: 19%)	(9,965,786)	(6,116,891)
Effects of:		
Non-deductible expenses ⁽²⁾	94,305	994
Deferred tax not recognised ⁽³⁾	9,871,481	6,115,897
Total tax charge for the year	—	—

1. For the first three months of 2023, the standard rate of corporation tax in UK was 19%. For the remainder of the year, the standard rate of corporation tax in UK was 25%.

2. Share based payment previously classified as non-deductible expenses now restated correctly as unrecognised deferred tax.

3. Prior year presentation of group relief now correctly presented as 'Deferred tax not recognised'.

4. 'Loss before taxation' restated for 2022. Refer to note 23 for details.

(c) Recognised deferred tax

Certain deferred tax (assets) and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for the financial reporting purposes:

	2023	2022
	£	£
Intangible Asset	130,192	312,342
Stock awards	(130,192)	(312,342)
	—	—

(d) Unrecognised deferred tax:

	2023	2022
	£	£
Fixed assets	(41,224)	(2,635)
Losses	(52,725,089)	(42,338,294)
Stock awards	(1,896,913)	(1,446,328)
Unrecognised deferred tax asset	(54,663,226)	(43,787,257)

As at 31 December 2023, the Company had gross temporary differences for stock awards (£7.6 million) and fixed assets (£0.2 million) and carried forward trading losses (£210.9 million) in respect of which a deferred tax asset has not been recognised.

Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

The OECD has published model rules and associated guidance related to Pillar Two. The rules apply a system of top-up taxes that aim to ensure corporations are paying income tax at a minimum rate of 15% in every jurisdiction. These rules begin to take effect for corporations in 2024, as jurisdictions enact legislation in line with the OECD rules and related guidance.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

12. Tax on loss (continued)

Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules (continued)

The UK has enacted Pillar Two legislation that comes into effect January 1, 2024. The application of the rules is ongoing and will continue to evolve as further guidance is released by the OECD and individual jurisdictions.

The International Accounting Standards Board issued, in May 2023, amendments to IAS 12 'Income Taxes', that introduced a mandatory temporary exception to recording deferred taxes associated with jurisdictions implementing Pillar Two rules. The Company has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to top-up taxes associated with Pillar Two. As such, any top-up taxes incurred will be treated as a period cost in the period of occurrence.

The Company does not anticipate recording material top-up taxes associated with Pillar Two in the foreseeable future, given it is expected that the jurisdiction in which the Company operates will have an effective tax rate above the 15% minimum tax. Future guidance and enacted legislation could change this evaluation.

13. Intangible Assets

The following table provides the details of capitalisation and amortisation of intangibles during the year:

	Intellectual Property	Internally developed software	Intangible assets under development*	Total
	£	£	£	£
Balance as at 1 January 2023	17,766	5,091,360	—	5,109,126
Development costs during the year	—	—	3,047,458	3,047,458
Capitalisation of costs during the year	—	734,676	—	734,676
Amortisation charge for the year	(17,766)	(2,947,262)	—	(2,965,028)
Balance as at 31 December 2023	—	2,878,774	3,047,458	5,926,232

*Reflects the costs incurred on software under development phase.

14. Property and Equipment

The following table provides details of depreciation and additions during the year:

	Computer equipment	Furniture & fixtures	Total
	£	£	£
Balance as at 1 January 2023	391,983	34,107	426,090
Additions during the year	314,089	—	314,089
Depreciation charge for the year	(388,197)	(22,605)	(410,802)
Balance as at 31 December 2023	317,875	11,502	329,377

15. Leases

At 31 December 2023, the Company was obligated under an operating lease for premises used primarily for the Company. The lease contract contain renewal options and/or escalation clauses providing for increased rental payments based on maintenance, utility and tax increases, or they require the Company to perform restoration work on leased premises.

The Company has adopted IFRS 16 with a transition date of 1 January 2022. Refer to note 22 for additional details.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

15. Leases (continued)

Information about the Company's leasing activity is presented below:

	2023	2022 (restated)
	£	£
Right of use assets	Real Estate	Real Estate
Balance as at January 1	469,243	929,819
Amortisation of ROU assets	(459,628)	(460,576)
Remeasurement to ROU assets	226,385	—
Balance as at December 31	236,000	469,243
Lease liabilities		
Balance as at December 31	228,646	363,114
For the year ending 31 December 31	2023	2022 (restated)
	£	£
Interest expense on lease liabilities	3,810	5,904
Variable lease expense not included in lease liabilities ^(a)	87,368	146,280
Other information		
Total cash outflow for leases	364,663	462,500

(a) Recorded within Operating expenses in the Company's income statement.

	2023	2022 (restated)
	£	£
Lease liabilities - Maturity Analysis - contractual undiscounted cash flows		
Less than one year	230,151	364,663
Total undiscounted lease liabilities at December 31	230,151	364,663
Imputed interest discount on leases	(1,505)	(1,549)
Lease liabilities included in the statement of financial position at December	228,646	363,114

16. Debtors and other receivables

	2023	2022
	£	£
Debtors*	6,695,454	2,479,490
Prepayments	568,180	1,456,237
Amounts owed by JPMorgan Chase undertakings	91,771	304,183
Other receivables	354,751	354,751
	7,710,156	4,594,661

*Debtors include £2.8 million (2022: £nil) on account of Firm money placed in the client money bank account as prudent segregation to mitigate the risk of a shortfall in client money while being held at third party payment service providers.

17. Cash and cash equivalents

Cash and cash equivalents include bank balances of £60 million (2022: £nil) held with other JPMorgan Chase undertakings.

The Company maintains client money balances with banks which principally arise where it acts on behalf of its clients. It has considered its rights and obligations relating to these balances. These balances are held subject to client money protection under the Client Assets Sourcebook rules, and the Company concluded that such amounts should not be recognised on its balance sheet as they are not assets of the Company. Therefore, client money balances amounting to £152 million (2022: £262 million) have not been recognised on the Company's balance sheet.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

18. Creditors and other payables

	2023	2022 (restated)*
	£	£
Amounts owed to JPMorgan Chase undertakings	6,829,762	12,384,157
Accruals	11,859,217	6,210,221
	18,688,979	18,594,378

*2022 'Amounts owed to JPMorgan Chase undertakings' and 'Accruals' have been restated to correctly reflect the prior year share based awards (RSU scheme) and associated national insurance costs by an increase of £1.8 million and £0.4 million respectively (refer to notes 10 and 23 for additional details).

19. Share capital and Share premium

	2023		2022	
	Share Capital £	Share premium £	Share Capital £	Share premium £
Issued and fully paid share capital				
<i>(A) Ordinary shares</i>				
<i>Balance as at January 1</i>				
19,407,699 (2022: 19,406,699) shares of £0.001 each	19,408	189,310,763	19,407	149,310,764
<i>Additions:</i>				
2022: Issue of 1,000 shares	—	—	1	39,999,999
2023: Issue of 1,000 shares	1	69,999,999	—	—
<i>Balance as at December 31</i>				
19,409,699 (2022: 19,408,699*) of £0.001 each	19,409	259,310,762	19,408	189,310,763
<i>(B) Non-voting shares</i>				
262,698 (2022: 262,698) Non-voting shares of £0.001 each	263	—	263	—
Balance as at December 31	19,672	259,310,762	19,671	189,310,763

*The number of shares as at 31 December 2022 has been restated (previously: 19,406,657).

On 2 October 2023 (2022: 1 July 2022), the Company issued additional share capital of £70 million (2022: £40 million) through the issuance of 1,000 (2022: 1,000) ordinary shares to JPMorgan Chase Holdings LLC.

The share premium is the premium paid for new shares above their nominal value. It is a statutory reserve which forms part of a company's non-distributable reserves.

20. Pension costs

The Company participates in a defined contribution pension scheme in the United Kingdom.

The Company recorded a total pension expense of £2.7 million for the year 2023 (2022: £1.6 million).

21. Share based payments

Employee stock-based awards

The Firm has granted long-term share-based awards to certain key employees under its Long Term Incentive Plan ("LTIP"), as amended and restated effective 15 May 2018 and subsequently amended effective 18 May 2021. Under the terms of the LTIP, as of 31 December 2023, 54 million shares of common stock were available for issuance through May 2025 (2022: 69 million shares). The LTIP is the only active plan under which the Firm is currently granting share-based incentive awards. In the following discussion, the LTIP, plus prior Firm plans and plans assumed as the result of acquisitions, are referred to collectively as the "LTI Plans" and such plans constitute the Firm's share-based incentive plans.

NUTMEG SAVING AND INVESTMENT LIMITED

Notes to the financial statements (continued)

21. Share based payments (continued)

Employee stock-based awards (continued)

The Firm separately recognises compensation expense for each tranche of each award as if it were a separate award with its own vesting date. For each tranche granted, compensation expense is recognised in line with how awards vest from the grant date until the vesting date of the respective tranche, provided that the employees will not become full-career eligible during the vesting period. For awards with full-career eligibility provisions and awards granted with no future substantive service requirement, the Firm accrues the estimated value of awards expected to be awarded to employees as of the grant date without giving consideration to the impact of post-employment restrictions. For each tranche granted to employees of the Company who will become full-career eligible during the vesting period, compensation expense is recognised in line with how awards vest from the grant date until the earlier of the employee's full-career eligibility date or the vesting date of the respective tranche.

Restricted stock units

Restricted stock units ("RSUs") are awarded at no cost to the recipient upon their grant. RSUs are generally granted annually and generally vest at a rate of 50% after two years, 50% after three years, and convert into shares of common stock at the vesting date. In addition, RSUs typically include full-career eligibility provisions, which allow employees to continue to vest upon voluntary termination, subject to post-employment and other restrictions based on age or service-related requirements. All of these awards are subject to forfeiture until vested and contain clawback provisions that may result in cancellation prior to vesting under certain specified circumstances. RSUs entitle the recipient to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSUs are outstanding.

Compensation expense for RSUs is measured based upon the number of shares granted multiplied by the stock price at the grant date, and for employee stock options and stock appreciation rights ("SARs") is measured at the grant date using the Black-Scholes valuation model. Compensation expense for these awards is recognised as described above.

The weighted average share price during the year ended 31 December 2023 was \$170.1 (2022 \$133.39).

The total expense for the year relating to share based payments was £2.6 million (2022: £5.7 million), all of which relates to equity settled share based payments.

22. Impact on transition from FRS 102 to FRS 101

The below summary reflects the impact to the prior year financial statements (year ended 31 December 2022) of the adoption of FRS 101, with a transition date of 1 January 2022. Specifically, this impacts how the entity accounts for the leases.

(a) Impact on Income statement

	<u>2022</u>
Operating expenses	£
As previously reported	57,756,802
Reclassification of costs on leasing arrangements to Interest expense	(1,924)
As restated for transition (refer to note 23)	57,754,878
	<u>2022</u>
Interest expense and similar charges	£
As previously reported	—
Reclassification of costs on leasing arrangements to Interest expense	1,924
Additional interest expense on leasing arrangements on transition	3,980
As restated for transition	5,904

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Notes to the financial statements (continued)

22. Impact on transition from FRS 102 to FRS 101 (continued)

b) Impact on Balance sheet

	2022		Accumulated losses £
	Right of use asset £	Lease liabilities £	
As previously reported	—	—	(132,071,532)
Impact of IFRS 16 adoption on 1 January 2022	929,819	(819,710)	110,109
Movement during the year	(460,576)	456,596	(3,980)
As restated for transition (refer to note 23)	469,243	(363,114)	(131,965,403)

23. Error restatement

The below summary reflect the impact to the financial statements for the year ended 31 December 2022 of the restatement of a prior period error in relation to the incorrect application of accounting standards for the share based awards RSU scheme. In addition, the prior year foreign exchange gain has been reclassified to a separate line item, 'Other Income' in the Income statement.

(a) Impact on Income statement

	2022 £
Operating expenses	
As restated for transition (refer to note 22)	57,754,878
Additional RSU expense	1,812,534
Additional employee national insurance expense	443,918
Foreign exchange gain reclassified to 'Other income'	229,195
As restated	60,240,525

	2022 £
Loss before tax	
As previously reported	29,933,730
Impact of transition to FRS 101 (refer to note 22)	3,980
<i>Correction of error:</i>	2,256,452
Additional RSU expense	1,812,534
Additional employee national insurance expense	443,918
Loss before tax after restatement	32,194,162

b) Impact on Balance sheet

	2022	
	Creditors and other payables £	Accumulated losses £
As previously reported / as restated for transition (refer to note 22)	(16,337,926)	(131,965,403)
<i>Correction of error:</i>	(2,256,452)	(2,256,452)
Additional RSU expense	(1,812,534)	(1,812,534)
Additional employee national insurance expense	(443,918)	(443,918)
As restated	(18,594,378)	(134,221,855)

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Notes to the financial statements (continued)

23. Error restatement (continued)

c) Impact on Statement of changes in equity

	2022	
	Other reserves	Accumulated losses
	£	£
As previously reported / as restated for transition (refer to note 22)	—	(131,965,403)
Correction of error (refer table above)	—	(2,256,452)
Group share based payment costs	5,742,660	—
Group share based payment costs recharged	(5,742,660)	—
As restated	—	(134,221,855)