Chesnara

HALF YEAR REPORT

JUNE 2025

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NOTE ON ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of Alternative Performance Measures (APMs) throughout this report to supplement the required statutory disclosures under IFRS and Solvency II, providing additional information to enhance the understanding of financial performance. Further information on these APMs can be found throughout the Financial Review and in the APM appendix.

OVERVIEW

CHIEF EXECUTIVE OFFICER'S REVIEW

The Group delivered very strong Cash Generation[1] of £37m in H1 with the Group's Solvency Coverage Ratio also increasing. The acquisition of HSBC Life (UK) Limited, announced on 3 July, is a significant strategic milestone for the Group.

STEVE MURRAY, CEO

We have again remained disciplined in driving delivery against our three areas of strategic focus, namely:

1. **Running our in-force insurance and pensions books efficiently and effectively;**
2. **Seeking out and delivering value-enhancing M&A opportunities; and**
3. **Writing focused, profitable new business where we are satisfied an appropriate return can be made.**

This focus helped us deliver a strong financial result for the half year with Cash Generation of £37m and continued strong solvency coverage of 207%, leading to a proposed increase in the interim dividend of 3% to 7.70[2] pence per share.

On 3 July 2025, we announced an agreement to acquire HSBC Life (UK) Limited ('HSBC Life (UK)') for a total consideration of £260m. This transaction represents a significant strategic milestone for Chesnara which would materially expand our presence in the UK life insurance market. As at 31 December 2024, HSBC Life (UK) had £314m in eligible Own Funds, £4bn of Assets Under Administration (AuA) and over 450,000 policyholders.

The acquisition is expected to generate over £800m in incremental lifetime Cash Generation, with more than £140m anticipated within the first five years post-completion. Supported by the strong financial profile of the acquisition, the Group expects to accelerate its dividend growth. The final FY25 and interim FY26 dividends, adjusted for the rights issue, are anticipated to increase by 6%, doubling the recent annual growth rate of 3%. Subject to regulatory approvals, completion of the acquisition of HSBC Life (UK) is expected in early 2026.

Over the course of July we announced the successful completion of our £140m rights issue which formed part of the financing package for the HSBC Life (UK) acquisition, with 88% of our shareholders taking up their rights to the issue of new shares. Later in July, we received significant further support from debt investors for the issuance of a £150m Restricted Tier 1 Bond at a coupon of 8.5%. This provides us with additional financial flexibility to grow in the future.

Following our successful rights issue and the proposed HSBC Life (UK) acquisition, Chesnara plc has been admitted to the FTSE 250 Index, effective from Monday 18 August which marks another significant milestone in the Company's growth following its listing in 2004.

Operational delivery continues

We have made positive progress delivering the ambitious change agenda we set ourselves and that will help ensure we have modern and sustainable operating platforms right across the Group.

The UK has continued to deliver on its Transition and Transformation (T&T) programme and has so far delivered three successful migrations to our new operating platform managed by SS&C Technologies (SS&C) including: our acquired book of protection business from Canada Life; our acquired ISA and GIA book from Sanlam; and the Sanlam unit pricing system.

In Sweden, the team has expanded and developed its custodian distribution network. This includes a collaboration with a new partner, which consists of a savings platform, aimed at customers within the segment of digital-only wealth builders. The partnerships continue to provide further diversification in distribution for the Company.

And in the Netherlands, the team has been working on the plan to integrate our Dutch businesses and the associated legal merger of Scildon and Waard, which was completed at the start of July 2025. Key priorities going forward include aligning IT systems, harmonising product portfolios and streamlining governance and reporting structures in order to enhance the scale and efficiency of the division and realise synergies. The transfer of Scildon's group pension book to Allianz was announced to the market on 10 June 2025, with the transfer expected to complete later this year.

Transitioning to a net zero group by 2050

We will publish the Group's inaugural Climate Transition Plan next month. The plan details the steps we will take to continue our journey to become a net zero group by 2050, based on our three principles:

Do no harm. Do good. Act now for later.

[1] *Note – this measure was previously referred to as 'Commercial Cash Generation'. There has been no change to the basis of calculation. For further information, please see Alternative Performance Measures in the Additional Information section.*

[2] *Dividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.*

CHIEF EXECUTIVE OFFICER’S REVIEW (CONTINUED)

To reflect the changes we are making to the way we work as we continue our journey to become a sustainable Chesnara, we have also updated our sustainability pillars. This is to highlight the importance of embedding sustainability into our business.

Our sustainability pillars are:

1. **Support a sustainable future**
2. **Help to create a fairer world**
3. **Build a sustainable Chesnara**

We remain committed to ‘making a positive impact’ (previously identified as a standalone commitment), with current and planned activities associated with this, now integrated into our other sustainability commitments.

We delivered on M&A and further management actions

The agreement to acquire HSBC Life (UK) is a clear further demonstration of our ability to execute on our M&A strategy. The £260m transaction will add approximately £4bn in AuA and around 454,000 policies, which would bring our total expected AuA to £18bn and increase the number of life and pension policies to approximately 1.4 million. It is expected to generate over £800m in incremental lifetime Cash Generation, with more than £140m anticipated within the first five years post-completion. This acquisition reinforces our track record of identifying opportunities that support both near-term financial performance and long-term strategic growth.

As well as the success we have had on M&A this year, we have continued to seek out other management actions to enhance Cash Generation and value. The UK extended existing mass lapse reinsurance to include the most recent Canada Life portfolio and implemented foreign exchange hedging arrangements, both of which have further optimised the Group’s solvency position.

Robust new business

Positive sales momentum in Sweden and the UK, with discipline maintained in the Netherlands, saw New Business Contribution remaining robust with £5m over the first half of the year.

People changes

In May this year, it was announced that after three successful years with Chesnara, Karin Bergstein has stepped down as Independent Non-Executive Director of the Company, as a member of the Board, Nomination & Governance Committee and Audit & Risk Committee. I want to thank her for her support over the past three years and wish her all the best for the future. Samantha Tymms has joined the Board as an experienced Non-Executive Director and advisor to global financial services businesses, bringing a wealth of knowledge to the business.

The planned departures of Lorens Kirchner and Maarten Simmons (formally the CEO and CFRO of Waard respectively) also happened in July. We wish them the very best for the future and look forward to working closely with Pauline Derkman (Scildon CEO) and Edwin Bekkering (Scildon CFRO) as they drive forward our combined business in the Netherlands.

Confident outlook

The market backdrop has been volatile over the first half of the year, and the weakness of the US dollar against most European currencies continues to be a feature, as uncertainty persists around global trade tariffs and a more uncertain geopolitical environment. At Chesnara, we remain confident that the business model will continue to generate cash across a wide variety of market conditions, as it has done this year and over its history.

We also remain positive on the outlook for further M&A where we remain very active and continue to see a further pipeline of opportunities. We believe we are well placed to execute further value accretive deals for shareholders. After a busy period for the Group, there continues to be a lot to look forward to here at Chesnara.

Steve Murray
Chief Executive Officer
27 August 2025

CHIEF FINANCIAL OFFICER'S REPORT

The Group has delivered strong first half results whilst maintaining a resilient capital position. We continue to increase returns to our shareholders and the ongoing delivery of our growth strategy underpins our confident outlook.

TOM HOWARD, CFO

Overview

The Group continues to perform strongly. Each of our operating divisions contributed positively to the increased Group Cash Generation result of £37m (HY24: £29m).

The Solvency Coverage Ratio of 207% remains comfortably above our operating range of 140% to 160% and continues to be resilient to a wide range of scenarios, providing the Group with significant scope to pursue further M&A and other investment opportunities as they arise.

The proposed acquisition of HSBC Life (UK) significantly enhances the store of future value available to the Group and will transform the scale and financial profile of Chesnara's UK division. On a proforma basis[3], the Group's Solvency Coverage Ratio, post transaction and Restricted Tier 1 bond issue, remains above the upper-end of our operating range, at 198%.

This continued financial delivery underpins the Board's recommendation to increase the interim dividend by 3% to 7.70[2] pence per share.

Business performance

United Kingdom

Own Funds increased by £13m (HY24: £14m) whilst SCR reduced by £13m (HY24: decrease of £6m), resulting in a Solvency Coverage Ratio of 172% (HY24: 135%). The growth in Own Funds arose from both positive economic and operating results on the in-force book, supported by the writing of profitable new business over the period. The extension of mass lapse reinsurance arrangements to include the Canada Life portfolio (acquired in 2024) and the implementation of a foreign currency hedge supported the reduction in SCR. The UK division held a Solvency II surplus of £43m above its Board's risk appetite level (HY24: £49m) and made remittances of £45m to Group Centre. IFRS Pre-Tax Profits of £9m (HY24 restated: £23m) were driven mainly by positive investment experience, offset by a lower insurance result, primarily driven by adverse operational experience and the effect of loss components.

Sweden

Own Funds increased by £3m (HY24: increase of £6m) whilst SCR increased by £4m (HY24: increase of £8m). The Solvency Coverage Ratio reduced by three percentage points to 148% (2024: 151%). Own Funds and SCR were impacted by positive equity market movements, offset by the negative impact of the continued depreciation of the US dollar relative to the Swedish krona. The Swedish division held a Solvency II surplus of £36m above its Board's risk appetite level (HY24: £27m) and made remittances of £4m to Group Centre. IFRS Pre-Tax Profits of £2m (HY24: £3m) arose primarily from positive operating contributions to the insurance result.

Netherlands

Own Funds increased by £21m (HY24: £8m decrease) whilst SCR decreased by £1m (HY24: £2m decrease), with a closing Solvency Coverage Ratio of 264% (2024: 239%). Own Funds benefitted from the impact of foreign exchange movements, positive operating earnings in Waard and positive economic experience in Scildon. The Group's Dutch divisions held a Solvency II surplus of £92m above its Board's risk appetite levels and made remittances of £7m to Group Centre (2024: £7m). Increased IFRS Pre-Tax Profits of £12m (HY24: £3.2m loss) benefitted from lower loss component experience relative to HY24.

[2]Dividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.

[3]Proforma basis calculated using reported FY24 solvency values.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Capital & Cash Generation

Solvency II capital position

FY24 Solvency Coverage Ratio	**203%**	**FY23 Solvency Coverage Ratio**	**205%**
Capital generation	8%		9%
Management actions	4%		–
SII adjustments	(4%)		(9%)
Shareholder dividends	(4%)		(4%)
HY25 Solvency Coverage Ratio	**207%**	**HY24 Solvency Coverage Ratio**	**201%**

The Group's Solvency II surplus remained consistent over the first half of 2025. The Solvency Coverage Ratio of 207% (FY24: 203%) represents a Solvency II surplus of £326m (FY24: £327m). The SCR decreased primarily due to a reduction in market and life underwriting risks, alongside capital management actions undertaken in the UK. The movement in Own Funds was influenced by capital generation and management actions, offset by the shareholder dividend payment and the application of Tier 2/3 valuation restrictions.

Cash Generation

	HY25 £m	HY24 £m
UK	33	23
Sweden	2	2
Netherlands	20	5
Divisional Cash Generation	**55**	**30**
Central items and adjustments	(18)	(1)
Cash Generation	**37**	**29**

Cash Generation of £37m (HY24: £29m) comprised contributions of £55m (pre-FX) from the operating divisions, offset by £18m relating to Group Centre costs, foreign exchange impacts and other one-off items, including the funding of M&A activities.

The Divisional Cash Generation of £55m (HY24: £30m) arose from positive operating experience, new business activity and selected capital optimisation management actions within the UK business. Group Centre surplus usage reflected central costs, development and M&A expenditure and debt servicing costs.

Cash Generation represents 1.42[4]x (HY24: 1.57x) dividend coverage, demonstrating that the Group continues to generate significant resources to finance ongoing debt and dividend commitments whist maintaining a strong Solvency Coverage Ratio.

Centre liquidity

Group Centre held liquid resources of £126m at HY25, after allowing for the receipt of dividend remittances from our operating divisions totalling £56m, and payment of the final 2024 dividend of £24m.

Leverage

Leverage[5] remained at 31% as the impact of the increased CSM largely offset the decrease in IFRS equity. Following the completion of the HSBC Life (UK) acquisition and the issuance of our Restricted Tier 1 bond, the Group's proforma leverage ratio[6] will reduce to 25%, comfortably meeting our long-term target level of 30% or less.

Capital management actions

Management actions are an important component of our strategy to maximise value from existing business. In the first half of 2025, the UK division implemented a currency hedge, further optimising the capital requirements relating to the foreign exchange risk. The UK division also extended existing mass lapse reinsurance arrangements to include the most recent Canada Life portfolio acquisition, providing the Group with further capital relief against the risk of extreme lapse events. Taken in aggregate, these actions increased the Group's Solvency Coverage Ratio by 4%.

[4] *Defined as Cash Generation divided by 50% of the projected full year dividend cost.*

[5] *Leverage is presented in line with the Fitch basis of calculation. For further information, please see Alternative Performance Measures in the Additional Information section.*

[6] *Proforma leverage ratio calculated using reported FY24 position as basis.*

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

IFRS

IFRS Pre-Tax Profit
The Group's IFRS pre-tax loss of £5m (HY24: £13m profit) was driven mainly by the impact of lower market returns within the investment result, partially offset by a higher insurance result from more favourable operating experience. The positive impact of foreign exchange movements over H1 also supported an increase in the IFRS Capital Base but are excluded from the IFRS Pre-Tax Profit measure and presented separately within Other Comprehensive Income.

IFRS insurance result
The insurance service result comprises the revenue and expenses from providing insurance services to policyholders and excludes economic impacts. Assumption changes apply to the insurance service result to the extent that they relate to groups of onerous contracts, in a 'loss component' position.

The insurance service result of £2m (HY24: loss of £3m) includes a positive contribution from the release of the CSM and the risk adjustment of £12m (HY24: £11m), partially offset by a reduced year-on-year adverse experience impact on portfolios of onerous contracts, primarily in the Netherlands and the UK.

IFRS investment result
The investment result comprises the economic result from the Group's assets together with the impacts to its insurance and investment contract liabilities.

The investment result of £16m (HY24: £40m) primarily reflects equity market growth over the first half of 2025 compared to the prior-year and is also affected by a £8m loss on the Group FX hedge as sterling weakened against the euro and the Swedish krona during the year (though this was offset by a larger corresponding FX translation gain coming through other comprehensive income).

Fee, commission and other operating income
Fee, commission and other operating income mainly comprises the fee income generated in the UK and Sweden from unit-linked contracts measured under IFRS 9.

The income generated in the year, after removing the effects of Swedish policyholder yield tax (which has an equal and opposite offset within 'Other Operating Expenses'), was £37m (HY24: £35m) with equity market returns in the UK and Sweden being the largest contributory factors to the result.

Other operating expenses and financing costs
Other operating expenses comprises those costs incurred by the Group that are not incurred from servicing insurance contracts, with such costs being reported within the insurance result.

After stripping out the impact of the policyholder yield tax noted above, the total other operating expenses and finance costs of £60m (HY24: £59m) was consistent with the prior year.

IFRS Capital Base

	HY25 £m	HY24 £m
Opening Capital Base	**449**	**479**
CSM net of reinsurance movement (excluding FX and tax impacts)	11	4
Pre-tax profits	(5)	13
Other adjustments	2	1
Capital Base pre-FX, tax and dividends	**457**	**497**
FX impacts	17	(11)
Tax	(9)	(13)
Shareholder dividends	(24)	(24)
Closing Capital Base	**441**	**449**

Before allowing for foreign exchange impacts, taxation and the 2024 final dividend payment, the opening IFRS Capital Base of £449m increased by £8m over the first half of 2025 driven by growth in CSM.

After allowing for the release of the CSM to the IFRS income statement, the CSM increased by £11m with positive contributions from profitable new business activity, portfolio growth following the Part VII of the Canada Life protection portfolio and positive assumption changes.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Economic Value Earnings

	£m		£m
FY24 Economic Value	**531**	**FY23 Economic Value**	**525**
Economic Earnings: real-world returns	1		32
Operating Earnings	13		(2)
New business	3		3
Other central and one-off items	(28)		(13)
HY25 Economic Value (pre-FX and dividends)	**520**		**545**
FX impacts	21		(13)
Shareholder dividends	(24)		(24)
HY25 Economic Value	**517**	**HY24 Economic Value**	**508**

The Economic Value of the Group represents the present value of future profits from existing business, plus the adjusted net asset value of non-insurance business within the Group. EcV losses of £11m (HY24: earnings of £20m) included adverse economic experience in Sweden, driven mainly by the impact of US dollar depreciation against the Swedish krona and additional Group Centre expenses relating primarily to M&A activity.

EcV Economic Earnings

EcV Economic Earnings were largely driven by positive investment variances in the UK and the Netherlands, offsetting negative variances in Sweden. Whilst the Swedish OMX closed the period broadly in line with the FY24 position, the weakening of the US dollar against the Swedish krona had a negative impact on policyholder AuA and investment returns.

EcV Operating Earnings

EcV Operating Earnings of £13m (HY24: earnings of £1m) were driven by positive operating variances in the UK and Netherlands, partially offset by adverse mortality experience in Scildon and adverse persistency experience in Sweden.

Other central and one-off items

Other non-operating items include central financing costs (including Tier 2 coupon payments) of £5m and other central expenditure, including advisory fees to support M&A activity and other development activity.

Shareholder dividends

The Group's continued strong financial delivery has supported the directors' decision to recommend a 3% increase in the interim dividend to 7.70p[2] per share (2024 interim rebased: 7.48p[2]).

Confident outlook

Ongoing delivery of the Group's operational and strategic priorities continues to drive strong financial outcomes across the Group's key measures.

The proposed acquisition of HSBC Life (UK) will significantly enhance the long-term financial profile of the Group, generating significant levels of additional capital and liquid resources to further invest in future growth opportunities.

Additionally, the Group's successful equity and debt issuances in July 2025 further strengthen the Group's balance sheet against the backdrop of an active and attractive market for further M&A opportunities.

Tom Howard
Chief Financial Officer
27 August 2025

[2]*Dividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.*

MANAGEMENT REPORT

BUSINESS REVIEW • UK

The UK division manages c270k policies across linked pension business, life insurance, endowments, annuities and some with-profit business. While largely closed to new business, the division continues to generate future value through our growing onshore bond business as well as investment returns on unit-linked policies, strong cost control, increments to existing policies and the active acquisition pipeline.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

As part of its long-term strategy, the UK division continues to deliver its ongoing T&T programme, which includes consolidating the policy administration, finance and investment administration onto a platform run by the division's strategic outsource partner, SS&C. During the first half of 2025, the programme has continued to deliver, with the migration to SS&C of: our acquired book of protection business from Canada Life; our acquired ISA and GIA book from Sanlam; and the Sanlam unit pricing system.

The division has continued to focus on delivering capital management actions in the first half of the year, having implemented a new mass lapse reinsurance arrangement which covers the onshore bond/pension business that was purchased from Canada Life coupled with a new FX hedge which provides protection to the business in relation to large US dollar and euro fluctuations within the division's unit-linked business.

Customer outcomes

Delivery of good customer outcomes is a key area of focus. This includes providing good service, competitive fund performance, fair value, and clear product and policy information, with additional support for those who need it.

The division continues to focus on ensuring operational and financial resilience across all core services and has met the regulatory deadline of 31 March 2025 to confirm adherence to the new Operational Resilience requirements.

Governance

Strong governance and constructive regulatory relationships remain central to delivering strategic goals, with management maintaining a clear focus on evolving and upholding robust governance frameworks.

The division has also continued to drive forward its Sustainability Plan with active deliverables across social, operational, financial, governance and reporting workstreams. There has been a particular focus on supporting the publication of the Group's first Climate Transition Plan.

FUTURE PRIORITIES

- Continued identification and implementation of potential capital management actions that promote value and Cash Generation.
- Continued focus on strong customer service and delivering good customer outcomes.
- Maintain positive and constructive relationships with regulators and continued compliance with relevant regulations.
- Continued support and implementation of the Group's Climate Transition Plan and continued progress against the UK Sustainability Plan activities.

KPIs

Cash Generation:
£33m
(HY24: £23m)

SII ratio (pre dividend):
172%
(FY24: 182%)

SII ratio (post dividend):
172%
(FY24: 135%)

EcV Earnings:
£15m
(HY24: £14m)

IFRS Pre-Tax Profit:
£9m
(HY24 restated: £25m)

BUSINESS REVIEW • UK (CONTINUED)

ACQUIRE LIFE AND PENSIONS BUSINESSES

The Group's proposed acquisition of HSBC Life (UK) is transformational for the UK business and supports the division's scale and efficiency ambitions. It is envisaged that, following completion, the operations of HSBC Life (UK) will be transferred to the UK division's strategic outsource partner SS&C. The acquisition brings with it further scale opportunities in the onshore bond market, which will complement the division's existing proposition.

The integration of previous acquisitions into the wider business has continued to progress under the UK's T&T programme. In addition, the programme has overseen the Part VII transfer of the Canada Life protection book that was purchased in May 2023 and is in the process of a further Part VII transfer of the Canada Life bond book purchased in December 2024.

The final stage of the Sanlam Life and Pensions (subsequently renamed to CASLP) acquisition was delivered during the first half of the year, with CASLP Ltd having been dissolved in January 2025.

FUTURE PRIORITIES

- Integration of HSBC Life (UK) to the Group. This includes ensuring that all pre-completion activities are delivered. This will ensure that the acquisition completes on time and that the Group is ready to deliver the planned activities post completion, which include the planned migration to our strategic platform hosted by SS&C during 2026.
- Continued migration of existing and acquired books of business to SS&C in line with the division's T&T programme, including the planned delivery of the Part VII transfer and migration of the Canada Life onshore bond/pension book by the end of the year.
- Continue to provide support to Group in identification, assessment and delivery of UK acquisitions.
- Continue to deliver strong financial outcomes from previously completed acquisitions.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

The division has continued to generate positive new business profits through increased volumes of the on-platform onshore bond.

This continued growth reflects our competitive and attractive investment proposition for customers coupled with recent changes to personal tax regulation introduced in the UK Government's Autumn Budget 2024.

The UK's Adviser Hub went live at the start of the year. This is available on the Company website and has been well received by advisors. It contains a range of useful information including a suite of adviser-facing technical product documents and a tax tool.

The division has continued to invest in its onshore bond new business proposition, working with existing platforms on improvements to customer and adviser journeys and providing additional in-house expert support.

KPIs

APE:
£6m
(HY24: £6m)

New Business Contribution:
£1m
(HY24: £1m)

FUTURE PRIORITIES

- Continue to strengthen the advisor and customer proposition through collaboration with platform partners.
- Broaden onshore bond distribution with existing and new platform relationships.
- Collaborate with our strategic outsource partner to leverage technology to generate administrative efficiencies.

BUSINESS REVIEW • SWEDEN

Our Swedish division consists of Movestic, a life and pensions business which is open to new business. It offers personalised unit-linked pension and savings solutions through brokers, together with custodian products via private banking partners, and is well regarded within both communities.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

The recovery in equity markets and strong custodian inflows supported an increase in the division's AuA in Q2, following the market volatility seen during Q1. The continued weakening of the US dollar relative to the Swedish krona has offset the AuA increase, primarily within the unit-linked portfolios. Transfer levels within the brokered occupational pension market continue to be elevated, but are lower than HY24. Total client cash inflows were positive, driven by strong sales performance within custodian business. Overall, these factors resulted in policyholder AuA growth of 9%.

Customer outcomes

Movestic continues to enhance its product offerings to meet the ongoing demand for individual adaptions and more flexible terms on pension withdrawals. From 1 January 2025 customers have been offered an option to pause pension withdrawals during the first five years. The 'Movestic Freedom' concept – helping customers plan for their retirement – further increased traction as more customers sign up each year.

Governance

Movestic's sustainability programme is fully aligned to the Group's strategy and commitments.

Movestic is outside the scope of Corporate Sustainability Reporting (CSRD), and the Company follows the development of EU's Omnibus proposal and its impact on other regulations.

The Digital Operational Resilience Act (DORA) came into force in January 2025, with Movestic compliant to the requirements. There will be continued focus during the year to further embed the regulation as part of business-as-usual operations.

KPIs

Cash Generation:
£2m
(HY24: £1m)

SII ratio (pre dividend):
150%
(FY24: 153%)

SII ratio (post dividend):
148%
(FY24: 151%)

EcV Earnings:
£(9)m
(HY24: £12m)

IFRS Pre-Tax Profit:
£2m
(HY24: £9m)

FUTURE PRIORITIES

- Continue building solid and long-term sustainable value creation for customers and investors through a diversified business model.
- Continue offering modern and individually adapted high-quality solutions within pension, savings and health insurance, and expand the area of customer focused digital services.
- Implement AI solutions to increase the use of automation, streamline processes, and improve administrative efficiency and control.
- Ensure Group sustainability reporting processes are embedded into everyday operations, supporting the implementation of the Group's Climate Transition Plan.
- Monitor developments in the regulatory landscape.

BUSINESS REVIEW • SWEDEN (CONTINUED)

ACQUIRE LIFE AND PENSIONS BUSINESSES

Movestic continues to support the Group's M&A strategy by actively engaging with other market participants and investment bank advisors in order to understand and assess opportunities for inorganic growth in the market.

FUTURE PRIORITIES

- Seek out opportunities to bring in additional scale through M&A.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

New Business Contribution of £1m during the first half of 2025 (HY24: £2m).

Movestic has continued to expand and further develop its custodian distribution network. During Q1 2025, the business launched a collaboration with a new type of partner – a savings platform within the segment of digital-only wealth builders. This provides further diversification in distribution for the company. The pipeline for new potential partnerships also continues to be strong.

Movestic continues to develop relationships with existing partners, with an increase in cross selling between savings and health insurance products. During Q2 2025, the business has also launched a new custodian occupational pension product.

To improve distribution and sales within the life and health insurance segment, the division has continued its focus on launching new, updated risk insurance offerings in the broker channel.

FUTURE PRIORITIES

- Continue building customer value and loyalty through further enhancement of the division's offering, consisting of individually adapted pension and savings and life and health products, and associated digital services. Focus on both growing new business and retention activities.
- Further deepen relationships with existing distribution partners to provide their customers with a complete offering within wealth and health insurance.
- Continued focus on growing the life and health insurance business to diversify and offer our customers a broader product selection, including the offering for our growing custodian business.

KPIs

APE:
£80m
(HY24: £52m)

New Business Contribution:
£1m
(HY24: £2m)

Occupational pension market share:
5.1%
(2024: 4.4%)

Custodian accounts market share:
13.5%
(2024: 12.2%)

BUSINESS REVIEW • NETHERLANDS

Our businesses in the Netherlands deliver growth through our acquisitive closed-book business, Waard, and our open-book business, Scildon, which seeks to write profitable term, investments and annuity business.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

On 2 July 2025, the merger between Waard and Scildon was completed, following approval by the Dutch Central Bank (DNB). The merger of the two Dutch businesses is expected to create a more sustainable division, driven by enhanced scale and operational synergies.

Collaborative workstreams have been launched with representation from teams across the division, focusing on streamlining operations, aligning governance structures, and combining balance sheets.

An agreement has been reached to transfer Scildon's pension portfolio to Allianz, with the transaction expected to close in Q3 2025. The decision reflects recent performance trends and aligns with a more sustainable long-term strategy.

Customer outcomes

Scildon continues to advance its digital capabilities, with recent enhancements to customer and advisor portals. These upgrades are designed to simplify the user experience.

Waard successfully expanded the reach of its digital customer portal, originally launched in 2024. The number of active users has been growing steadily in the first half of 2025.

Governance

The implementation of the Digital Operational Resilience Act (DORA) requirements was successfully completed, and both Scildon and Waard have been compliant with these requirements in accordance with the January 2025 deadline.

The EU Omnibus proposals, announced in February 2025, clarified we fall outside the scope of mandatory reporting under the Corporate Sustainability Reporting Directive (CSRD). Nevertheless, the business continues to monitor developments and align with best practices where appropriate.

The Dutch Central Bank (DNB) approved the merger of Scildon and Waard, which was formally completed on 2 July 2025. This regulatory approval reflects strong governance oversight and alignment with local supervisory expectations in relation to mergers in the Netherlands.

The transfer of Scildon's collective pension book to Allianz, expected to complete later this year, continues to be overseen through strong governance processes, ensuring alignment with regulatory expectations.

FUTURE PRIORITIES

- Following the merger, the strategic focus for the remainder of 2025 will be on advancing the integration of both businesses and realising synergies. Key priorities include aligning IT systems, harmonising product portfolios, and streamlining governance and reporting structures.
- Identify potential capital management actions, focusing on those that generate the appropriate balance of value and Cash Generation.
- Ensuring customers continue to receive high-quality service throughout the change period post-merger.
- Continued regular engagement with customers to improve service quality, as well as enhancing existing processes, infrastructure, and customer experiences.
- Perform an ALM study for the combined business and establish investment strategy.
- Continue progressing the investment portfolio towards net zero emissions by 2050.

KPIs

Cash Generation:
£20m
(HY24: £4m)

SII ratio (pre dividend):
Waard **355%**
Scildon **229%**
(FY24: Waard 350% and Scildon 205%)

SII ratio (post dividend):
Waard **355%**
Scildon **229%**
(FY24: Waard 324% and Scildon 205%)

EcV Earnings:
£10m
(HY24: £2m)

IFRS Pre-Tax Profit:
£12m
(HY24: £(3)m)

BUSINESS REVIEW • NETHERLANDS (CONTINUED)

ACQUIRE LIFE AND PENSIONS BUSINESSES

Chesnara's businesses in the Netherlands continue to support the Group's acquisition strategy by assessing M&A opportunities and processes, including due diligence activity, as appropriate.

FUTURE PRIORITIES

- Continue to remain active in seeking acquisitions and actively examine opportunities during the year.
- Continue engaging with potential vendors in 2025 to explore new opportunities.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Scildon achieved a New Business Contribution of £3m (HY24: £1.8m). In March 2025, Scildon launched a new Mortgage Lifestyle proposition, expected to boost New Business Contribution throughout the year.

Scildon demonstrated achievements that enhance our appeal to prospective customers:

- Earned a 5-star rating from MoneyView in the 'Product Terms' category (2025).
- Awarded the Adfiz Award in the 'Customer Interest' category for the Lifestyle Quit Smoking Term.
- Secured 3rd place in the IG&H Performance Monitor for the 'Individual Life' category.
- Financial advisors rated Scildon an average of 8.0 – just 0.1 points behind joint leaders.

KPIs

New Business Contribution:
£3m
(HY24: £2m)

Term assurance market share:
12%
(HY24: 10%)

FUTURE PRIORITIES

- Simple focused product portfolio offering primarily sold through IFAs with digital options, where preferred by customers.
- Complete the transition of the group pension portfolio to Allianz.

FINANCIAL REVIEW • CASH GENERATION

Continued strong Cash Generation was reported in the first half of 2025, with a total of £37m, benefitting from surplus generation from operating activities and positive market conditions. Cash Generation is the increase in the Group's Solvency II surplus, after allowing for 'prudent management buffers', as defined by the Group's Capital Management Policy.

£37M HY24: £29M
CASH GENERATION[1]

£24M HY24: £20M
BASE CASH GENERATION

	UK	SWEDEN	NETHERLANDS WAARD	NETHERLANDS SCILDON	DIVISIONAL TOTAL	GROUP ADJ	TOTAL
Cash Generation	**33**	**2**	**4**	**16**	**55**	**(18)**	**37**
Symmetric adjustment	(2)	(6)	–	(1)	(9)	(1)	(10)
WP restriction look through	(3)	–	–	–	(3)	–	(3)
Base Cash Generation	**28**	**(4)**	**4**	**15**	**43**	**(19)**	**24**

All amounts are now presented to the nearest £million. Comparative figures have been rounded accordingly for consistency (previously rounded 1 dp).

UK

Cash Generation of £33m (HY24: £23m) from Own Funds growth and a reduction in Solvency Capital Requirements, with both components supported by the implementation of management actions, including the execution of further mass lapse reinsurance of the latest Canada Life portfolio acquisition and the implementation of an FX hedge.

SWEDEN

Cash Generation pre-FX of £2m (HY24: £2m). Own Funds were adversely impacted by market conditions, primarily from the weakening of the US dollar against the Swedish krona, reducing policyholder AuA and investment returns. Market conditions also resulted in a reduction in SCR, partially offsetting the fall in Own Funds.

NETHERLANDS

In Waard, Cash Generation pre-FX of £4m (HY24: £(3)m). Growth in Own Funds and lower Solvency Capital Requirements, driven by positive operating variances, were partially offset by the impact of rising interest rates.

In Scildon, Cash Generation pre-FX equalled £16m (HY24: £8m). An increase in Own Funds was underpinned by favourable economic and expense experience, and positive assumption changes, supported by a reduction in the SCR.

GROUP CENTRE

The Group Centre result contains central financing costs, including £5m in Tier 2 coupon payments, and central expenditure relating to M&A activity in the first half of 2025, including fees associated with the HSBC Life (UK) acquisition.

[1]Note – this measure was previously referred to as 'Commercial Cash Generation'. There has been no change to the basis of calculation. For further information, please see Alternative Performance Measures in the Additional Information section.

FINANCIAL REVIEW • SOLVENCY II

The Group's Solvency Coverage Ratio of 207% is significantly above our operating range of 140% to 160%.

207%
GROUP SOLVENCY

Solvency position

	HY25 £m	FY24 £m
Own Funds	632	643
SCR	306	316
Surplus	326	327
Solvency Coverage Ratio %	**207%**	**203%**

Solvency coverage movement

FY24 Solvency Coverage Ratio	**203%**	**FY23 Solvency Coverage Ratio**	**205%**
Capital generation	8%		9%
Management actions	4%		–
SII adjustments	(4%)		(9%)
Shareholder dividends	(4%)		(4%)
HY25 Solvency Coverage Ratio	**207%**	**HY24 Solvency Coverage Ratio**	**201%**

Group Solvency II surplus is £326m (2024: £327m) with a Solvency Coverage Ratio of 207% (2024: 203%), which includes the impact of the proposed interim shareholder dividend (£13m) and payment of the final 2024 shareholder dividend (£24m).

The movement in Own Funds reflects the dividend impacts noted above and a £7m increase in the Tier 2/3 restriction, alongside the positive effects of favourable economic conditions and operational performance variances. The SCR reduced in 2025, mainly due to a general fall in life underwriting risk and capital management actions implemented in the UK.

The numbers that follow present the divisional view of the solvency position which may differ to the position of the individual insurance company(ies) within the consolidated numbers.

UK

	HY25 £m	FY24 £m
Own Funds (post dividend)	143	130
SCR	83	96
Buffer	17	19
Surplus	43	15
Solvency Coverage Ratio %	**172%**	**135%**

The rise in surplus to £43m (FY24: £15m) includes growth in Own Funds and an SCR reduction during the first half of 2025. Own Funds rose by £13m, mainly due to rising bond values, driven by a decline in the yield curve at shorter durations and positive operational assumption changes. The SCR reduced by £13m, also benefitting from capital management actions, including mass lapse reinsurance and a new FX hedge.

FINANCIAL REVIEW • SOLVENCY II (CONTINUED)

SWEDEN

	HY25 £m	FY24 £m
Own Funds (post dividend)	187	184
SCR	126	122
Buffer	25	24
Surplus	36	37
Solvency Coverage Ratio %	**148%**	**151%**

The surplus reduction of £1m reflected capital requirements increasing more than Own Funds, with the underlying movement being affected by the weakening of the US dollar and its impact on AuA during the first quarter of 2025. The effect of exchange rate movements has led to an overall increase to both Own Funds and SCR when translating the results to sterling.

NETHERLANDS

	Waard		Scildon	
	HY25 £m	FY24 £m	HY25 £m	FY24 £m
Own Funds (post dividend)	89	82	154	140
SCR	25	25	67	68
Buffer	9	9	50	51
Surplus	55	48	37	20
Solvency Coverage Ratio %	**355%**	**324%**	**229%**	**205%**

Waard's Solvency II surplus increase of £7m includes a rise in Own Funds, driven by positive operating earnings, whilst the SCR continued to be largely unchanged.

Scildon's Solvency II surplus rose by £17m, with Own Funds growth including expense related operating returns and economic returns benefitting from a steepening yield curve, offsetting adverse mortality experience. Capital requirements remained broadly stable.

FINANCIAL REVIEW • EcV

The Economic Value of the Group represents the present value of future profits of the existing insurance business, plus the adjusted net asset value of the non-insurance businesses within the Group[2].

£517M FY24: £531M

ECONOMIC VALUE (EcV)

Value movement: FY24 to HY25	£m		£m
FY24 EcV	**531**	**FY23 EcV**	**525**
EcV Earnings	(11)		20
FX impacts	21		(13)
Pre-dividend EcV	**541**		**532**
Dividends	(24)		(24)
HY25 EcV	**517**	**HY24 EcV**	**508**

EcV Earnings
The EcV loss of £11m was impacted by adverse economic experience in Sweden (driven by depreciation of the US dollar against the Swedish krona) and additional Group Centre costs, which relate to M&A activity, offsetting positive earnings in the UK and Netherlands.

Foreign exchange
The closing EcV of the Group benefitted from the depreciation of sterling relative to the euro and Swedish krona.

Dividends
Under EcV, dividends are recognised in the period in which they are paid. Dividends of £24m were paid during the period, representing the final shareholder dividend approved by the Board in March 2025.

EcV by segment	HY25 £m	HY24 £m
UK	157	205
Sweden	202	194
Netherlands	264	246
Group and Group adjustments	(106)	(137)
HY25 EcV	**517**	**508**

The above table shows that the EcV of the Group remains diversified across its different geographical markets.

[2]Further information on EcV and its relationship with Solvency II can be found in the Additional Information section of this report.

FINANCIAL REVIEW • EcV EARNINGS

Operating Earnings in the UK and Netherlands offset adverse economic market movements in Sweden.

£(11)M HY24: £20M

EcV EARNINGS

Analysis of the EcV Earnings by source of value	HY25 £m	HY24 £m
Expected movement in period	8	10
New business	3	2
Operating experience variances	1	(4)
Operating assumption changes	7	(7)
Other operating variances	(3)	–
Total Operating Earnings	**16**	**1**
Total Economic Earnings	**1**	**32**
Other non-operating variances	(6)	(5)
Central costs	(14)	(6)
Risk margin movement	–	2
Tax	(8)	(4)
Other	**(28)**	**(13)**
EcV Earnings	**(11)**	**20**

All amounts are now presented to the nearest £million. Comparative figures have been rounded accordingly for consistency (previously rounded 1 dp).

Analysis of the EcV result by business segment	HY25 £m	HY24 £m
UK	15	14
Sweden	(10)	12
Netherlands	10	2
Group and Group adjustments	(26)	(8)
EcV Earnings	**(11)**	**20**

All amounts are now presented to the nearest £million. Comparative figures have been rounded accordingly for consistency (previously rounded 1 dp).

UK earnings of £15m include the impact of management actions, new business profits and positive economic returns. Sweden's loss of £10m arose mainly from the adverse impact on policyholder's AuA of depreciation of the USD relative to the SEK. The Netherlands reported £10m of earnings, driven by operational cost efficiencies, positive economic returns, offset by adverse mortality experience. 'Group and Group adjustments' includes Group Centre costs, costs associated with the Group's M&A activity, risk margin release, and Tier 2 debt servicing costs.

FINANCIAL REVIEW • IFRS BALANCE SHEET

IFRS Capital Base supported by growth in the Contractual Service Margin.

How the CSM has moved in the period

	£m		£m
FY24 CSM (gross of tax)	**176**	**FY23 restated CSM (gross of tax)**	**157**
Interest accreted	2		2
New business	3		3
Acquisition	7		–
Experience and assumption changes	10		8
CSM release	(11)		(9)
FX impact	5		(3)
HY25 CSM (gross of tax)	**192**	**HY24 restated CSM (gross of tax)**	**158**

The CSM represents future profits that are expected to be released to the income statement over the lifetime of the portfolio. The CSM (net of reinsurance and gross of tax) has increased by £16m from £176m to £192m during 2025.

Positive experience and assumption changes across the Group have added £10m of CSM. New business and the recognition of additional CSM following the Part VII of the Canada Life term assurance book has added a further £10m of CSM, reflecting the future profits arising on profitable new business added in the period. These additions are offset by the £11m release to profit in the period as the insurance services have been provided with other smaller net movements including the impact of foreign exchange and the interest accretion totalling £7m making up the total movement.

The CSM values are shown net of reinsurance but gross of tax. When calculating the IFRS Capital Base a net of reinsurance and net of tax figure is used. The equivalent net of reinsurance and tax movement of CSM during 2025 is an increase of £13m.

Leverage

The IFRS leverage of the Group as at HY25 was 31% (FY24: 31%).

FINANCIAL REVIEW • IFRS INCOME STATEMENT

£(5)M HY24 RESTATED: £13M
IFRS PRE-TAX PROFIT

£2M HY24 RESTATED: £(7)M
TOTAL COMPREHENSIVE INCOME

Analysis of IFRS result	HY25 £m	Restated HY24 £m
Net insurance service result	**2**	**(3)**
Net investment result	**16**	**40**
Fee, commission and other operating income	60	55
Other operating expenses	(78)	(73)
Financing costs	(5)	(6)
(Loss)/profit before income taxes	**(5)**	**13**
Income tax (charge)/credit	(6)	(12)
(Loss)/profit for the period after tax	**(11)**	**1**
Foreign exchange (loss)/gain	12	(8)
Other comprehensive income	1	–
Total comprehensive income	**2**	**(7)**
Movement in IFRS Capital Base		
Opening IFRS Capital Base (restated)	**449**	**479**
Movement in CSM (net of reinsurance and tax)	13	–
Total comprehensive income	2	(7)
Other adjustments made directly to shareholders' equity	1	1
Dividend	(24)	(24)
Closing IFRS Capital Base	**441**	**449**

Net insurance service result
The net insurance service result comprises the revenue and expenses from providing insurance services to policyholders and ceding insurance business to reinsurers and is in respect of current and past service only.

Assumption changes, relating to future service, are excluded from the insurance result (as they adjust the CSM), unless the CSM for a given portfolio of contracts falls below zero; thereby in a 'loss component' position. Economic impacts are also excluded from the insurance service result.

The net insurance service result of £2m is broken down into the following elements:

– gains from the release of risk adjustment and CSM of £12m (six months to 30 June 2024: £11m). These gains represent a consistent source of future profits for the Group.
– losses of £10m (six months to 30 June 2024: £14m loss) caused by experience impacts and loss component effects where portfolios of contracts with no CSM have suffered adverse impacts that would otherwise be offset in the balance sheet if the CSM for those portfolios were positive.

Net investment result
The net investment result contains the investment return earned on all assets, together with the financial impacts of movements in insurance and investment contract liabilities. The investment result also includes losses made on the Group's currency hedging arrangement of £8m (six months to 30 June 2024: gain of £5m).

FINANCIAL REVIEW • IFRS INCOME STATEMENT (CONTINUED)

Fee, commission and other operating income

The most significant item in this line is the fee income that is charged to policyholders in respect of the asset management services provided for investment contracts. There is no income in respect of insurance contracts in this line, as this is all now reported in the insurance result.

Total fee, commission and operating income in the six months to June 2025 was £60m (six months to 30 June 2024: £55m) and was £37m net of Swedish policyholder yield tax (six months to 30 June 2024: £35m).

Other operating expenses

Other operating expenses consist of costs relating to the management of the Group's investment contracts, non-attributable costs relating to the Group's insurance contracts and other certain one-off costs such as project costs.

Other items of note are the amortisation of intangible assets in respect of investment business and the payment of yield tax relating to policyholder investment funds in Movestic, for which there is a corresponding offset within the fee income line.

After removing the impacts of policyholder yield tax, the other operating expenses in the six months to June 2025 are £60m (six months to 30 June 2024: £59m).

Financing costs

This predominantly relates to the cost of servicing our Tier 2 corporate debt notes which were issued in early 2022.

Foreign exchange

The IFRS consolidated result of the Group reflects a foreign exchange gain of £12m in the period, a consequence of sterling weakening against both the euro and the Swedish krona. This gain is partly offset by a £8m loss from foreign exchange rate hedges, reported within the investment result.

Other comprehensive income

This represents the impact of movements in the valuation of land and buildings held in our Dutch division.

Income tax

Income tax consists of both current and deferred taxes.

The total IFRS tax charge of £6m mainly represents UK policyholder tax that is reflective of positive investment growth in the period (leading to an increase in deferred tax liabilities). The charge is offset by equal and opposite policyholder fund rebates primarily within the investment result.

RISK MANAGEMENT • PRINCIPAL RISKS

The Group's principal risks and uncertainties are detailed in this section, highlighting any change in risk exposure since the Group's 2024 Annual Report and Accounts, published in March 2025.

Current risk environment

On a regular basis, senior management teams scan the horizon to identify potential risk events (e.g. political; economic; technological; environmental, legislative and social), assessing potential outcomes in terms of threats and opportunities. Some of the key areas include:

- Geopolitical risk continues to create a greater level of uncertainty across the Group risk profile, for example market volatility and investment performance.
- Economic uncertainty remains a prominent emerging risk for the Group, with inflation driven expense risk and future market risk exposures being the key areas with greatest potential impact.
- Cyber risk is a growing risk affecting all companies, particularly those who are custodians of customer data, as a result the Group continues to invest in the incremental strengthening of its cyber risk resilience and response options.
- The Group is exploring the use of artificial intelligence (AI), including the risks and opportunities arising from developments in the field of AI.
- Sustainability (and the response to the challenges and opportunities presented) continues to be a key focus in the UK and Europe, and is an evolving area of potential risk for the business.

Principal risks

The principal risks being faced by the Group remain in line with those detailed in the 2024 Annual Report and Accounts.

In July 2025 Chesnara announced an agreement to acquire HSBC Life (UK) and whilst the proposed acquisition will significantly increase the scale in the UK, currently it does not materially change the view of the Group's principal risks.

IFRS FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with United Kingdom adopted IAS 34 'Interim Financial Reporting';
- the management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the management report includes a fair review of the information required by DTR 4.2.8R (disclosure of material transactions with related parties in the first six months of the year and changes to related parties transactions in the last Annual Report and Accounts).

By order of the Board

Luke Savage
Chair
27 August 2025

Steve Murray
Chief Executive Officer
27 August 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Unaudited six months ended 30 Jun 2025 £m	Unaudited restated six months ended 30 Jun 2024 £m	Year ended 31 Dec 2024 £m
Insurance revenue		136.0	136.0	261.9
Insurance service expense		(136.7)	(138.2)	(244.2)
Net expenses from reinsurance contracts held		3.0	(1.2)	(9.2)
Insurance service result	**6**	**2.3**	**(3.4)**	**8.6**
Net investment return		(21.4)	811.8	1,286.1
Net finance (expenses)/income from insurance contracts issued		(18.4)	(174.6)	(334.8)
Net finance income/(expenses) from reinsurance contracts held		4.6	2.5	2.6
Net change in investment contract liabilities		46.5	(490.9)	(740.4)
Change in liabilities relating to policyholders' funds held by the Group		5.1	(109.0)	(160.8)
Net investment result	**7**	**16.4**	**39.8**	**52.7**
Fee, commission and other operating income		60.1	54.9	104.2
Total revenue net of investment result		**78.8**	**91.3**	**165.5**
Other operating expenses		(77.9)	(72.9)	(133.6)
Total income less expenses		**0.9**	**18.4**	**31.9**
Financing costs		(5.5)	(5.6)	(11.1)
Profit arising on business combinations and portfolio acquisitions		–	–	–
(Loss)/profit before income taxes	**5**	**(4.6)**	**12.8**	**20.8**
Income tax (expense)/credit		(6.2)	(12.4)	(16.9)
(Loss)/profit for the period	**5**	**(10.8)**	**0.4**	**3.9**
Items that may be reclassified subsequently to profit and loss:				
Foreign exchange translation differences arising on the revaluation of foreign operations		12.0	(8.2)	(15.3)
Revaluation of pension obligations after tax		0.7	0.5	0.4
Revaluation of land and building		–	–	–
Other comprehensive income/(expense) for the period, net of tax		**12.7**	**(7.7)**	**(14.9)**
Total comprehensive income/(expense) for the period		**1.9**	**(7.3)**	**(11.0)**
Basic earnings per share (based on profit or loss for the period)	**3**	(7.14)p	0.24p	2.56p
Diluted earnings per share (based on profit or loss for the period)	**3**	(7.02)p	0.24p	2.52p

The Notes and information on pages 32 to 54 form part of these financial statements.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	Note	Unaudited as at 30 Jun 2025 £m	Restated unaudited as at 30 Jun 2024 £m	As at 31 Dec 2024 £m
Assets				
Intangible assets		88.7	92.1	87.2
Property and equipment		8.1	7.6	7.8
Investment properties		94.0	96.2	91.7
Deferred tax assets		37.8	41.1	38.9
Insurance contract assets	**11**	–	2.4	1.8
Reinsurance contract assets	**11**	162.8	179.8	169.9
Amounts deposited with reinsurers		34.1	33.5	34.3
Financial investments	**9**	12,859.5	11,885.7	12,116.7
Derivative financial instruments		0.6	0.1	0.1
Other assets		53.5	68.4	68.7
Cash and cash equivalents		170.2	131.1	138.0
Total assets	**5**	**13,509.3**	**12,538.0**	**12,755.1**
Liabilities				
Insurance contract liabilities	**11**	4,113.6	4,179.4	4,099.1
Reinsurance contract liabilities	**11**	12.9	14.4	16.6
Other provisions		24.2	21.5	20.3
Investment contracts at fair value through profit or loss		6,143.7	6,065.3	6,116.7
Liabilities relating to policyholders' funds held by the Group		2,568.8	1,563.6	1,825.5
Lease contract liabilities		1.9	0.8	0.6
Borrowings	**12**	203.8	206.1	204.8
Derivative financial instruments		8.8	(0.2)	0.6
Deferred tax liabilities		28.2	21.4	24.7
Deferred income		1.2	2.6	1.3
Other current liabilities		108.1	133.2	129.7
Bank overdrafts		0.8	0.4	0.8
Total liabilities	**5**	**13,216.0**	**12,208.5**	**12,440.7**
Net assets		**293.3**	**329.5**	**314.4**
Shareholders' equity				
Share capital		7.5	7.5	7.5
Merger reserve		36.3	36.3	36.3
Share premium		142.5	142.5	142.5
Other reserves		4.3	(1.2)	(8.4)
Retained earnings	**4**	102.7	144.4	136.5
Total shareholders' equity		**293.3**	**329.5**	**314.4**

The Notes and information on pages 32 to 54 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 27 August 2025 and signed on its behalf by:

Luke Savage
Chair

Steve Murray
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited	Six months ended 30 Jun 2025 £m	Restated Six months ended 30 Jun 2024 £m
(Loss)/profit for the period	**(10.8)**	**0.4**
Adjustments for:		
Depreciation of property and equipment	0.4	0.3
Depreciation on right-of-use assets	0.3	0.3
Amortisation of intangible assets	9.7	6.7
Share-based payment	1.0	0.5
Tax expense/(credit)	6.2	12.4
Interest receivable	(8.6)	(4.1)
Dividends receivable	(10.1)	(2.1)
Interest expense	5.3	5.2
Fair value (gains)/losses on financial assets and investment properties	(27.9)	(811.8)
Increase in intangible assets related to investment contracts	(5.5)	(4.8)
Adjustment total	**(29.2)**	**(797.4)**
Interest received	7.6	5.9
Dividends received	9.2	4.0
Changes in operating assets and liabilities:		
Decrease/(increase) in financial assets and investment properties	(305.9)	130.1
Decrease/(increase) in net reinsurers contract assets	3.8	2.8
Decrease/(increase) in amounts deposited with reinsurers	0.2	(1.0)
(Increase)/decrease in other assets	39.7	5.2
Increase/(decrease) in net insurance contract liabilities	(88.4)	43.0
Increase/(decrease) in investment contract liabilities	467.8	656.5
Increase/(decrease) in provisions	3.5	(1.3)
Increase/(decrease) in other current liabilities	(38.2)	7.6
Cash generated/(utilised) by operations	**59.3**	**55.8**
Income tax paid	2.0	(38.7)
Net cash generated/(utilised) from operating activities	**61.3**	**17.1**
Cash flows from investing activities		
Net proceeds/(purchases) of property and equipment	(0.5)	(0.1)
Net cash (utilised)/generated by investing activities	**(0.5)**	**(0.1)**
Cash flows from financing activities		
Repayment of borrowings	(0.9)	(1.8)
Repayment of lease liabilities	(0.2)	(0.3)
Dividends paid	(24.3)	(23.5)
Interest paid	(5.3)	(5.2)
Net cash utilised by financing activities	**(30.7)**	**(30.8)**
Net increase/(decrease) in cash and cash equivalents	**30.1**	**(13.8)**
Cash and cash equivalents at beginning of period	137.2	145.9
Effect of exchange rate changes on cash and cash equivalents	2.1	(1.4)
Net cash and cash equivalents at end of the period	**169.4**	**130.7**

The Notes and information on pages 32 to 54 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited – six months ended 30 June 2025	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total £m
Equity shareholders' funds at 1 January 2025	**7.5**	**142.5**	**36.3**	**(8.4)**	**136.5**	**314.4**
(Loss) for the year	–	–	–	–	(10.8)	(10.8)
Foreign exchange translation differences	–	–	–	12.0	–	12.0
Other items of comprehensive income	–	–	–	0.7	–	0.7
Total comprehensive income	**–**	**–**	**–**	**12.7**	**(10.8)**	**1.9**
Dividends paid	–	–	–	–	(24.3)	(24.3)
Share-based payment	–	–	–	–	1.3	1.3
Equity shareholders' funds at 30 June 2025	**7.5**	**143.0**	**36.3**	**4.3**	**102.7**	**293.3**

Unaudited – six months ended 30 June 2024	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total £m
Equity shareholders' funds at 1 January 2024 (as reported)	**7.5**	**142.5**	**36.3**	**6.5**	**167.1**	**359.9**
Prior year restatement (Note 1)	–	–	–	–	(0.1)	(0.1)
Equity shareholders' funds at 1 January 2024	**7.5**	**142.5**	**36.3**	**6.5**	**167.0**	**359.8**
Profit for the year	–	–	–	–	0.4	0.4
Foreign exchange translation differences	–	–	–	(8.2)	–	(8.2)
Other items of comprehensive income	–	–	–	0.5	–	0.5
Total comprehensive income	**–**	**–**	**–**	**(7.7)**	**0.4**	**(7.3)**
Dividends paid	–	–	–	–	(23.5)	(23.5)
Share-based payment	–	–	–	–	0.5	0.5
Equity shareholders' funds at 30 June 2024	**7.5**	**142.5**	**36.3**	**(1.2)**	**144.4**	**329.5**

The Notes and information on pages 32 to 54 form part of these financial statements.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

This condensed set of consolidated financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, this condensed set of consolidated financial statements has been prepared applying the accounting policies and presentation which were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2024.

Any judgements and estimates applied in the condensed set of consolidated financial statements are consistent with those applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2024.

The financial information shown in these interim financial statements is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The directors have elected to not obtain a review opinion over these interim financial statements by the Group's auditor, Deloitte.

The comparative figures for the financial year ended 31 December 2024 are not the Company's statutory accounts for that financial year. The results for the year ended and position as at 31 December 2024 have been taken from the Group's 2024 Annual Report and Accounts. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Going concern

After making appropriate enquiries, including detailed consideration of the impact on the Group's operations and financial position and prospects, the directors confirm that they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in the preparation of these interim financial statements.

Restatement

A prior year restatement has been applied in these interim financial statements in respect of the accounting treatment of the Canada Life portfolio acquired in 2023. The prior year restatement was also applied in the published consolidated financial statements for the year ended 31 December 2024.

In the interim financial statements for the period ended 30 June 2024, a long contract boundary was applied in valuing the future cash flows beyond the expected termination of the initial reinsurance contract. On further assessment, as there is no executable right under the reinsurance agreement itself to the underlying policies, then under IFRS 17 requirements a short contract boundary should have been applied. Therefore, the previously reported values in the 2024 interim financial statements for this business have been restated as at 31 December 2023. The reinsurance agreement terminated in February 2025 following the court approval of the Part VII application to legally transfer the policies into CA plc.

Balance sheet	As reported £m	Restated £m
Present value of future cash flows	14.6	2.8
Risk adjustment	(1.0)	–
CSM	(10.5)	(0.4)
Assets for incurred claims	0.7	0.7
Insurance contract assets total	**3.8**	**3.1**

The total net assets reported at 30 June 2024 have therefore been restated to £329.5m from £330.2m, as previously reported.

Income statement	As reported £m	Restated £m
Insurance revenue	136.1	136.0
Insurance service expense	(138.2)	(138.2)

The total comprehensive loss reported for the six months to 30 June 2024 at £6.7m has therefore been restated to £7.3m.

Basic earnings per share (based on profit or loss for the period) has been restated from 0.66p to 0.24p.

Diluted earnings per share (based on profit or loss for the period) has been restated from 0.65p to 0.24p.

The Part VII business transfer for the transaction received court approval on the 3 February 2025.

Standards and amendments issued but not yet effective

At the date of authorisation of these financial statements the following standards and interpretations, which are applicable to the Group, and which have not been applied in these financial statements, were in issue but not yet effective:

Title	Effective date
IFRS 9/IFRS 7 Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 18 Presentation and disclosure financial statements	1 January 2027

The directors do not expect that the adoption of the IFRS 9/IFRS 7 amendments have a material impact on the financial statements of the Group in future periods. The directors expect that the adoption of IFRS 18 will have a material impact on the presentation of the primary statements in future periods.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant judgements and estimates

The critical accounting judgements and key sources of estimation and uncertainty remain largely unchanged from those described in Note A5 of the 2024 Annual Report and Accounts. The potential impact on the Group has been considered in the preparation of these interim financial statements, including management's evaluation of critical accounting judgements and estimates. Further information on discount rates applied in these financial statements is provided below.

Discount rates

Cash flows are discounted using currency-specific, risk-free yield curves adjusted for the characteristics of the cash flows and the liquidity of the insurance contracts. The Group applies a 'bottom-up' approach to determining discount rates and follows the methodology used by the PRA and EIOPA to determine risk-free yield curves and ultimate forward rates for regulatory solvency calculations. To reflect the liquidity or otherwise of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium.

For certain Dutch 'savings mortgage' products, there is a direct connection to the policyholder's mortgage loan and the premiums to repay the loan in that the crediting rate is set such that the account value will be equal to the balance on the loan at maturity. For this product, the cash flows are discounted using the same curve used to value the corresponding mortgage assets which itself is derived from mortgage rates available in the market.

When the present value of future cash flows is estimated using stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Inflation rates mainly relate to expense inflation. The assumptions in respect of expense inflation reflect the Group's best estimate view incorporating market consistent data such as earnings indices and central bank inflation targets. The yield curves that were used to discount the estimates of future cash flows that were modelled deterministically are shown in the following table:

			30 June 2025					31 December 2024				
Yield curve	**Broad product category**	**Currency**	**1 yr**	**5 yrs**	**10 yrs**	**20 yrs**	**30 yrs**	**1 yr**	**5 yrs**	**10 yrs**	**20 yrs**	**30 yrs**
Risk-free rate (RFR)	Unit-linked/index-linked/with-profits – VFA	EUR	1.90%	2.17%	2.52%	2.75%	2.84%	2.24%	2.14%	2.27%	2.26%	2.39%
	Unit-linked/index-linked/with-profits – GMM *(with high liquidity)*	GBP	3.80%	3.66%	4.04%	4.54%	4.57%	4.46%	4.04%	4.07%	4.30%	4.23%
	Short-term protection	SEK	1.73%	2.07%	2.46%	2.85%	3.00%	2.25%	2.41%	2.63%	2.93%	3.05%
RFR + VA	Immediate annuities	EUR	2.10%	2.37%	2.72%	2.95%	3.01%	2.47%	2.37%	2.50%	2.49%	2.58%
	Term assurance and other non-linked Unit-linked/index-linked/with-profits – GMM *(with medium liquidity)*	GBP	4.05%	3.91%	4.29%	4.79%	4.82%	4.70%	4.28%	4.31%	4.54%	4.47%
Market Mortgage Rates	Waard Savings Mortgage	EUR	2.81%	3.08%	3.43%	3.66%	3.75%	3.36%	3.32%	3.43%	3.39%	3.51%

3 Earnings per share

Earnings per share are based on the following:

Unaudited	Six months ended 30 Jun 2025	Restated Six months ended 30 Jun 2024	Year ended 31 Dec 2024
(Loss)/profit for the period attributable to shareholders (£m) (restated)	(10.8)	0.4	3.9
Weighted average number of ordinary shares	151,028,196	150,886,918	150,938,024
Basic earnings per share	(7.14)p	0.24p	2.56p
Diluted earnings per share	(7.02)p	0.24p	2.52p

The weighted average number of ordinary shares in respect of the six months ended 30 June 2025 is based upon 150,991,019 shares in issue at the beginning of the period and 151,124,742 at the end of the period. No shares were held in treasury.

The weighted average number of ordinary shares in respect of the six months ended 30 June 2024 is based upon 150,849,587 shares in issue at the beginning of the period, and 150,954,119 shares in issue at the end of the period. No shares were held in treasury.

The weighted average number of ordinary shares in respect of the year ended 31 December 2024 is based upon 150,849,587 shares in issue at the beginning of the period and 150,991,019 shares in issue at the end of the period. No shares were held in treasury.

There were 2,717,630 share options outstanding at 30 June 2025 (30 June 2024: 2,456,598). Accordingly, there is dilution of the average number of ordinary shares in issue. There were 2,330,118 share options outstanding as at 31 December 2024.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Retained earnings

Unaudited	Six months ended 30 Jun 2025 £m	Six months ended 30 Jun 2024 £m
Retained earnings attributable to equity holders of the Parent Company comprise:		
Balance at 1 January (restated)	**136.5**	**167.0**
(Loss)/profit for the period (restated)	(10.8)	0.4
Share-based payment	1.3	0.5
Dividends		
Final approved and paid for 2023	–	(23.5)
Final approved and paid for 2024	(24.3)	–
Balance at 30 June (restated)	**102.7**	**144.4**

The interim dividend in respect of 2024, approved and paid in 2024, was paid at the rate of 8.61p per share.

The final dividend in respect of 2024, approved and paid in 2025, was paid at the rate of 16.08p per share so that the total dividend paid to the equity shareholders of the Company in respect of the year ended 31 December 2024 was made at the rate of 24.69p per share.

An interim dividend of 7.70p[1] per share in respect of the six months ending 30 June 2025 is payable on 17 October 2025 to equity shareholders of the Company registered at the close of business on 5 September 2025, the dividend record date, was approved by the directors after the balance sheet date. The resulting dividend of £13.4m (pre rights issue) has not been provided for in these financial statements and there are no income tax consequences.

The following table summarises dividends per share in respect of the six-month period ended 30 June 2025 and the year ended 31 December 2024:

	Six months ended 30 Jun 2025 Pence	Year ended 31 Dec 2024 Pence
Interim – approved/paid	7.70	8.61
Final – proposed/paid	–	16.08
Total	**7.70**	**24.69**

5 Operating segments

The Group considers that it has no product or distribution-based business segments. It reports segmental information on the same basis as reported internally to the chief operating decision maker, which is the Board of Directors of Chesnara plc.

The segments of the Group as at 30 June 2025 comprise:

UK: This segment comprises the UK's life insurance and pensions business within Countrywide Assured plc (CA), the Group's principal UK operating subsidiary. CA contains a mix of unit-linked, with-profits and non-linked products and represents the UK acquisition vehicle, recently acquiring the unit-linked bond and pension business of Canada Life Limited with the transaction initially in the form of a reinsurance agreement accepted by CA.

Movestic: This segment comprises the Group's Swedish life and pensions business, Movestic Livförsäkring AB (Movestic) and its subsidiary company Movestic Fonder AB (investment fund management company). Movestic is open to new business and primarily comprises unit-linked pension business and also provides some life and health product offerings.

Waard Group: This segment represents the Group's closed Dutch life insurance business and comprises a number of acquisitions of closed insurance books of business since the acquisition of the original Waard entities into the Group in 2015. The Waard Group comprises a mixture of long-term savings and protection business and also contains some non-life business.

Scildon: This segment represents the Group's open Dutch life insurance business. Scildon's policy base is predominantly made up of individual protection and savings contracts. It is open to new business and sells protection, individual savings and group pension contracts via a broker-led distribution model.

The integration of the Waard and Scildon businesses has been executed after the balance sheet date and therefore has not been applied in the segmental reporting in these financial statements.

Other Group activities: The functions performed by the Parent Company, Chesnara plc, are defined under the operating segment analysis as 'Other Group activities'. Also included therein are consolidation and elimination adjustments.

The accounting policies of the segments are the same as those for the Group as a whole. Any transactions between the business segments are on normal commercial terms in normal market conditions. The Group evaluates performance of operating segments on the basis of the profit before tax attributable to shareholders of the reporting segments and the Group as a whole. There were no changes to the measurement basis for segment profit during the six months ended 30 June 2025.

[1] *Dividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.*

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Operating segments (continued)

(i) Segmental reporting for the six months ended 30 June 2025

Unaudited	UK £m	Movestic £m	Waard Group £m	Scildon £m	Other Group and consolidation adjustments £m	Group £m
Insurance revenue	41.8	5.2	13.5	75.5	–	136.0
Insurance service expense	(44.6)	(0.9)	(13.4)	(77.8)	–	(136.7)
Net expenses from reinsurance contracts held	3.0	(1.7)	(0.5)	2.2	–	3.0
Segmental insurance service result	**0.2**	**2.6**	**(0.4)**	**(0.1)**	**–**	**2.3**
Net investment return	100.6	(120.1)	6.3	(2.6)	(5.6)	(21.4)
Net finance (expenses)/income from insurance contracts issued	(32.4)	4.2	(3.8)	13.6	–	(18.4)
Net finance income/(expenses) from reinsurance contracts held	3.7	0.3	0.1	0.5	–	4.6
Net change in investment contract liabilities	(64.2)	111.1	(0.4)	–	–	46.5
Change in liabilities relating to policyholders' funds held by the Group	–	5.1	–	–	–	5.1
Segmental net investment result	**7.7**	**0.6**	**2.2**	**11.5**	**(5.6)**	**16.4**
Fee, commission and other operating income	19.8	40.2	0.1	–	–	60.1
Segmental revenue, net of investment result	**27.7**	**43.4**	**1.9**	**11.4**	**(5.6)**	**78.8**
Other operating expenses	(16.9)	(36.6)	(0.9)	(0.9)	(16.6)	(71.9)
Financing costs	(0.1)	(0.1)	–	–	(5.3)	(5.5)
Profit/(loss) before tax and consolidation adjustments	**10.7**	**6.7**	**1.0**	**10.5**	**(27.5)**	**1.4**
Consolidation adjustments:						
Amortisation of intangible assets	(1.5)	(4.5)	–	–	–	(6.0)
Segmental income less expenses	**9.2**	**2.2**	**1.0**	**10.5**	**(27.5)**	**(4.6)**
Income tax credit/(charge)	(3.5)	–	(0.1)	(2.6)	–	(6.2)
(Loss)/profit after tax	**5.7**	**2.2**	**0.9**	**7.9**	**(27.5)**	**(10.8)**

(ii) Segmental assets and liabilities as at 30 June 2025

Unaudited	UK £m	Movestic £m	Waard Group £m	Scildon £m	Other Group and consolidation adjustments £m	Group £m
Segment assets	4,401.1	6,047.7	855.6	2,067.8	137.1	13,509.3
Segment liabilities	(4,313.5)	(5,948.3)	(795.9)	(1,940.6)	(217.7)	(13,216.0)
Segment net assets	**87.6**	**99.4**	**59.7**	**127.2**	**(80.6)**	**293.3**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Operating segments (continued)

(iii) Segmental reporting for the six months ended 30 June 2024 (restated)

Unaudited	UK £m	Movestic £m	Waard Group £m	Scildon £m	Other Group and consolidation adjustments £m	Group £m
Insurance revenue	36.7	5.1	14.5	79.7	–	136.0
Insurance service expense	(33.5)	(2.7)	(17.5)	(84.5)	–	(138.2)
Net expenses from reinsurance contracts held	0.9	(1.0)	(0.1)	(1.0)	–	(1.2)
Segmental insurance service result	**4.1**	**1.4**	**(3.1)**	**(5.8)**	**–**	**(3.4)**
Net investment return	243.1	457.3	(2.4)	107.2	6.6	811.8
Net finance (expenses)/income from insurance contracts issued	(64.0)	(15.7)	3.7	(98.6)	–	(174.6)
Net finance income/(expenses) from reinsurance contracts held	2.0	–	–	0.5	–	2.5
Net change in investment contract liabilities	(161.1)	(330.7)	0.9	–	–	(490.9)
Change in liabilities relating to policyholders' funds held by the Group	–	(109.0)	–	–	–	(109.0)
Segmental net investment result	**20.0**	**1.9**	**2.2**	**9.1**	**6.6**	**39.8**
Fee, commission and other operating income	17.6	37.1	0.2	–	–	54.9
Segmental revenue, net of investment result	**41.7**	**40.4**	**(0.7)**	**3.3**	**6.6**	**91.3**
Other operating expenses	(17.4)	(31.7)	(3.7)	(2.1)	(11.1)	(66.0)
Financing costs	(0.2)	(0.2)	–	–	(5.2)	(5.6)
Profit/(loss) before tax and consolidation adjustments	**24.1**	**8.5**	**(4.4)**	**1.2**	**(9.7)**	**19.7**
Consolidation adjustments:						
Amortisation of intangible assets	(1.5)	(5.4)	–	–	–	(6.9)
Segmental income less expenses	**22.6**	**3.1**	**(4.4)**	**1.2**	**(9.7)**	**12.8**
Post completion gain on portfolio acquisition	–	–	–	–	–	–
(Loss)/profit before tax	**22.6**	**3.1**	**(4.4)**	**1.2**	**(9.7)**	**12.8**
Income tax credit/(charge)	(12.9)	–	0.8	(0.3)	–	(12.4)
(Loss)/profit after tax	**9.7**	**3.1**	**(3.6)**	**0.9**	**(9.7)**	**0.4**

(iv) Segmental assets and liabilities as at 30 June 2024 (restated)

Unaudited	UK £m	Movestic £m	Waard Group £m	Scildon £m	Other Group and consolidation adjustments £m	Group £m
Segment assets	4,549.0	4,984.1	885.5	2,025.3	94.1	12,538.0
Segment liabilities	(4,388.9)	(4,887.9)	(815.8)	(1,912.5)	(203.4)	(12,208.5)
Segment net assets	**160.1**	**96.2**	**69.7**	**112.8**	**(109.3)**	**329.5**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Operating segments (continued)

(v) Segmental reporting for the year ended 31 December 2024

	UK £m	Movestic £m	Waard Group £m	Scildon £m	Other Group and consolidation adjustments £m	Group £m
Insurance revenue	71.3	10.2	29.8	150.6	–	261.9
Insurance service expense	(64.9)	(2.6)	(31.4)	(145.2)	–	(224.1)
Net (expenses)/income from reinsurance contracts held	(0.9)	(1.8)	(2.0)	(4.5)	–	(9.2)
Segmental insurance service result	**5.5**	**5.8**	**(3.6)**	**0.9**	**–**	**8.6**
Net investment return	380.7	666.6	28.1	2014.4	9.3	1,286.1
Net finance income from insurance contracts issued	(98.4)	(23.6)	(23.2)	(189.6)	–	(334.8)
Net finance (expenses)/income from reinsurance contracts held	3.1	0.3	–	(0.8)	–	2.6
Net change in investment contract liabilities	(260.0)	(479.6)	(0.8)	–	–	(740.4)
Change in liabilities relating to policyholders' funds held by the Group	–	(160.8)	–	–	–	(160.8)
Segmental net investment result	**25.4**	**2.9**	**4.1**	**11.0**	**9.3**	**52.7**
Fee, commission and other operating income	37.4	65.5	0.3	–	1.0	104.2
Segmental revenue, net of investment result	**68.3**	**74.2**	**0.8**	**11.9**	**10.3**	**165.5**
Other operating expenses	(39.7)	(54.9)	(3.3)	(4.3)	(22.0)	(124.2)
Financing costs	(0.2)	(0.4)	–	–	(10.5)	(11.1)
Profit/(loss) before tax and consolidation adjustments	**28.4**	**18.9**	**(2.5)**	**7.6**	**(22.2)**	**30.2**
Consolidation adjustments:						
Amortisation and impairment of intangible assets	(0.1)	(9.3)	–	–	–	(9.4)
Segmental income less expenses	**28.3**	**9.6**	**(2.5)**	**7.6**	**(22.2)**	**20.8**
Post completion gain on portfolio acquisition	–	–	–	–	–	–
Profit/(loss) before tax	**28.3**	**9.6**	**(2.5)**	**7.6**	**(22.2)**	**20.8**
Income tax credit/(charge)	(17.0)	(0.5)	0.8	(2.0)	1.8	(16.9)
Profit/(loss) after tax	**11.3**	**9.1**	**(1.7)**	**5.6**	**(20.4)**	**3.9**

(vi) Segmental assets and liabilities as at 31 December 2024

	UK £m	Movestic £m	Waard Group £m	Scildon £m	Other Group and consolidation adjustments £m	Group £m
Segment assets	4,473.8	5,269.7	851.9	2,035.7	124.0	12,755.1
Segment liabilities	(4,347.2)	(5,177.8)	(789.2)	(1,920.7)	(205.8)	(12,440.7)
Segment net assets	**126.6**	**91.9**	**62.7**	**115.0**	**(81.8)**	**314.4**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Insurance result

Unaudited	Six months ended 30 Jun 2025 £m	Restated Six months ended 30 Jun 2024 £m
Insurance revenue		
Contracts not measured under the PAA:		
Amounts relating to changes in the liability for remaining coverage:		
Expected incurred claims and other directly attributable expenses	116.7	116.2
Change in risk adjustment for non-financial risk for the risk expired	1.4	2.7
CSM recognised for the services provided	11.5	10.5
Insurance acquisition cash flows recovery	1.6	1.9
Insurance revenue for contracts not measured under the PAA	**131.2**	**131.3**
Insurance revenue for contracts measured under the PAA	**4.8**	**4.7**
Total insurance revenue	**136.0**	**136.0**
Insurance service expenses		
Incurred claims and other directly attributable expenses	(86.3)	(97.4)
Changes that relate to past service – changes in the FCF relating to the LIC	3.6	2.2
Losses on onerous contracts and reversals of those losses	(52.4)	(41.1)
Insurance acquisition cash flows amortisation	(1.6)	(1.9)
Total insurance service expenses	**(136.7)**	**(138.2)**
Net income/(expenses) from reinsurance contracts held		
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts not measured under the PAA		
Amounts relating to changes in the remaining coverage:		
Expected amount recoverable for claims and other insurance service expenses	(25.8)	(23.2)
Change in risk adjustment for non-financial risk for the risk expired	(0.4)	(1.1)
CSM recognised for the services received	(1.3)	(1.6)
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts not measured under the PAA	**(27.5)**	**(25.9)**
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts measured under the PAA	**(1.4)**	**(1.4)**
Amounts recoverable for incurred claims and other incurred insurance service expenses	33.3	26.9
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	(1.3)	(0.8)
Recoveries of loss on recognition of onerous underlying contracts	0.5	0.2
Recoveries of losses on onerous underlying contracts and reversals of such losses	(0.6)	(0.2)
Total net expenses from reinsurance contracts held	**3.0**	**(1.2)**
Total insurance service result	**2.3**	**(3.4)**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Net investment result

Investment return on surplus shareholder assets is included in the insurance contracts column.

Unaudited Investment result for the six months ended 30 June 2025 Net investment return	Insurance contracts £m	Investment contracts (without DPFs) £m	Total £m
Interest revenue from financial assets not measured at FVTPL	0.1	–	0.1
Net gains on financial investments mandatorily measured at FVTPL	(0.3)	(46.8)	(47.1)
Net gains on financial investments designated as FVTPL	23.4	(5.1)	18.3
Net gains from fair value adjustments to investment properties	7.3	–	7.3
Total net investment return	**30.5**	**(51.9)**	**(21.4)**
Finance income/(expenses) from insurance contracts issued			
Change in fair value of underlying assets of contracts measured under VFA	(1.8)	–	(1.8)
Interest accreted	(32.6)	–	(32.6)
Effect of changes in interest rates and other financial assumptions	16.6	–	16.6
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	(0.6)	–	(0.6)
Total finance income from insurance contracts issued	**(18.4)**	**–**	**(18.4)**
Finance income from reinsurance contracts issued			
Interest accreted	3.4	–	3.4
Effect of changes in interest rates and other financial assumptions	1.6	–	1.6
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	(0.4)	–	(0.4)
Total finance expenses from reinsurance contracts issued	**4.6**	**–**	**4.6**
Net insurance finance expenses	**(13.8)**	**–**	**(13.8)**
Net change in investment contract liabilities	–	46.5	46.5
Change in liabilities relating to policyholder funds held by the Group	–	5.1	5.1
Net investment result	**16.7**	**(0.3)**	**16.4**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Net investment result (continued)

Unaudited Investment result for the six months ended 30 June 2024 (restated) Net investment return	Insurance contracts £m	Investment contracts (without DPFs) £m	Total £m
Interest revenue from financial assets not measured at FVTPL	4.5	–	4.5
Net gains on financial investments mandatorily measured at FVTPL	326.4	374.8	701.2
Net gains on financial investments designated as FVTPL	(128.9)	225.1	96.2
Net gains from fair value adjustments to investment properties	9.9	–	9.9
Total net investment return	**211.9**	**599.9**	**811.8**
Finance income/(expenses) from insurance contracts issued			
Change in fair value of underlying assets of contracts measured under VFA	(175.8)	–	(175.8)
Interest accreted	(37.4)	–	(37.4)
Effect of changes in interest rates and other financial assumptions	33.8	–	33.8
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	4.8	–	4.8
Total finance expenses from insurance contracts issued	**(174.6)**	**–**	**(174.6)**
Finance income from reinsurance contracts issued			
Interest accreted	6.8	–	6.8
Effect of changes in interest rates and other financial assumptions	(2.8)	–	(2.8)
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	(1.5)	–	(1.5)
Total finance expenses from reinsurance contracts issued	**2.5**	**–**	**2.5**
Net insurance finance expenses	**(172.1)**	**–**	**(172.1)**
Net change in investment contract liabilities	–	(490.9)	(490.9)
Change in liabilities relating to policyholder funds held by the Group	–	(109.0)	(109.0)
Net investment result	**39.8**	**–**	**39.8**

8 Fund management-based fees recognised under IFRS 15

Fund management-based fees recognised under IFRS 15, included within fees, commission and other operating income, have been disaggregated based on the geographical region as follows:

Unaudited	Six months ended 30 Jun 2025 £m	Six months ended 30 Jun 2024 £m
UK	18.7	17.4
Sweden	5.1	5.1
Total	**23.8**	**22.5**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Financial investments

The carrying amount of financial investments and other financial assets and liabilities held by the Group at the balance sheet date are as follows:

Unaudited 30 June 2025	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Equity securities	–	–	189.8	189.8
Holdings in collective investment schemes	–	–	8,688.9	8,688.9
Debt securities – government bonds	–	394.6	–	394.6
Debt securities – other	–	652.6	10.2	662.8
Policyholder funds held by the Group	–	2,569.5	–	2,569.5
Mortgage loan portfolio	–	353.9	–	353.9
Total	**–**	**3,970.6**	**8,888.9**	**12,859.5**
Derivatives and other financial assets				
Amounts deposited with reinsurers	–	34.1	–	34.1
Derivative financial instruments	–	–	0.6	0.6
Other assets	53.5	–	–	53.5
Cash and cash equivalents	–	170.2	–	170.2
Total financial investments and financial assets	**53.5**	**4,174.9**	**8,889.5**	**13,117.9**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,143.7	–	6,143.7
Liabilities relating to policyholder funds held by the Group	–	2,568.8	–	2,568.8
Derivative financial instruments	–	–	8.8	8.8
Borrowings	203.8	–	–	203.8
Other current liabilities	108.1	–	–	108.1
Total financial liabilities	**311.9**	**8,712.5**	**8.8**	**9,033.2**

31 December 2024	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Equity securities	–	–	191.5	191.5
Holdings in collective investment schemes	–	–	8,661.6	8,661.6
Debt securities – government bonds	–	446.1	–	446.1
Debt securities – other	–	634.7	10.1	644.8
Policyholder funds held by the Group	–	1,825.8	–	1,825.8
Mortgage loan portfolio	–	346.9	–	346.9
Total	**–**	**3,253.5**	**8,863.2**	**12,116.7**
Derivatives and other financial assets				
Amounts deposited with reinsurer	–	34.3	–	34.3
Derivative financial instruments	–	–	0.1	0.1
Other assets	68.7	–	–	68.7
Cash and cash equivalents	–	138.0	–	138.0
Total financial investments and financial assets	**68.7**	**3,425.8**	**8,863.3**	**12,357.8**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,116.7	–	6,116.7
Liabilities relating to policyholder funds held by the Group	–	1,825.5	–	1,825.5
Derivative financial instruments	–	–	0.6	0.6
Borrowings	204.8	–	–	204.8
Other current liabilities	129.7	–	–	129.7
Total financial liabilities	**334.5**	**7,942.2**	**0.6**	**8,277.3**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Financial asset and liability fair value disclosures

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. The tables below show the determination of fair value according to a three-level valuation hierarchy. Fair values are generally determined at prices quoted in active markets (Level 1). However, where such information is not available, the Group applies valuation techniques to measure such instruments. These valuation techniques make use of market observable data for all significant inputs where possible (Level 2), but in some cases it may be necessary to estimate other than market-observable data within a valuation model for significant inputs (Level 3).

Unaudited Fair value measurement at 30 June 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	–	–	94.0	94.0
Financial assets				
Equities – Listed	189.8	–	–	189.8
Holdings in collective investment schemes	8,494.4	–	194.5	8,688.9
Debt securities – government bonds	394.6	-	–	394.6
Debt securities – other	662.8	–	–	662.8
Policyholders' funds held by the Group	2,524,9	–	44.6	2,569.5
Mortgage loan portfolio	–	353.9	–	353.9
Amounts deposited with reinsurers	–	34.1	–	34.1
Derivative financial instruments	–	0.6	–	0.6
Total	**12,266.5**	**388.6**	**333.1**	**12,988.2**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,143.7	–	6,143.7
Liabilities related to policyholders' funds held by the Group	–	2,568.8	–	2,568.8
Derivative financial instruments	–	8.8	–	8.8
Total	**–**	**8,721.3**	**–**	**8,721.3**

Fair value measurement at 31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	–	–	91.7	91.7
Financial assets				
Equities – Listed	191.5	–	–	191.5
Holdings in collective investment schemes	8,454.1	38.9	168.6	8,661.6
Debt securities – government bonds	446.1	–	–	446.1
Debt securities – other	644.8	–	–	644.8
Policyholders' funds held by the Group	1,781.6	–	44.2	1,825.8
Mortgage loan portfolio	–	346.9	–	346.9
Amounts deposited with reinsurers	–	34.3	–	34.3
Derivative financial instruments	–	0.1	–	0.1
Total	**11,518.1**	**420.2**	**304.5**	**12,242.8**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,116.7	–	6,116.7
Liabilities related to policyholders' funds held by the Group	–	1,825.5	–	1,825.5
Derivative financial instruments	–	0.6	–	0.6
Total	**–**	**7,942.8**	**–**	**7,942.8**

Investment properties

The investment properties are valued by external chartered surveyors using industry standard techniques based on guidance from the Royal Institute of Chartered Surveyors. The valuation methodology includes an assessment of general market conditions and sector level transactions and takes account of expectations of occupancy rates, rental income and growth. Properties undergo individual scrutiny using cash flow analysis to factor in the timing of rental reviews, capital expenditure, lease incentives, dilapidation and operating expenses; these reviews utilise both observable and unobservable inputs.

Holdings in collective investment schemes

The fair value of holdings in collective investment schemes classified as Level 2 are related to the UK segment and Scildon. These do not meet the requirements for classification as Level 1, as their fair value is determined using valuation techniques with observable market inputs. The holdings classified as Level 3 £194.5m (December 2024: £168.6m) also relate to Scildon, and represent investments held in a mortgage fund. These are classified as Level 3 as the fair value is derived from valuation techniques that include inputs that are not based on observable market data.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Financial asset and liability fair value disclosures (continued)

Policyholder funds held by the Group

There is a small holding of assets classified as Level 3 amounting to £44.6m (December 2024: £44.2m) from our Movestic operation which are unlisted. The valuation of the vast majority of these assets is based on unobservable prices from trading on the over-the-counter market.

Debt securities

The debt securities classified as Level 2 at 2025 and 2024 are traded in active markets with less depth or wider bid-ask spreads. This does not meet the classification as Level 1 inputs. The fair values of debt securities not traded in active markets are determined using broker quotes or valuation techniques with observable market inputs. Financial instruments valued using broker quotes are classified at Level 2, only where there is a sufficient range of available quotes. These assets were valued using counterparty or broker quotes and were periodically validated against third-party models.

Derivative financial instruments

The derivative financial instruments include a foreign currency hedge related to the Group. This was entered into to manage the exposure to foreign exchange movements between sterling and both the euro and Swedish krona.

An uncapped collar which consists of two hedges:

- One hedge to protect against the downside (sterling strengthening) (starting at strike A), and one to remove the upside (weakening) (strike B); with the strikes of these coordinated to result in no upfront premium.
- The 2nd hedge (strike B) creates an uncapped liquidity requirement when it bites.

The capped collar comes with an additional leg which creates value and liquidity when exchange rates move beyond a certain point (strike C).

Within derivative financial instruments is a financial reinsurance embedded derivative related to our Movestic operation. The Group has entered into a reinsurance contract with a third party that has a section that is deemed to transfer significant insurance risk and a section that is deemed not to transfer significant insurance risk. The element of the contract that does not transfer significant insurance risk has two components and has been accounted for as a financial liability at amortised cost and an embedded derivative asset at fair value.

The embedded derivative represents an option to repay the amounts due under the contract early at a discount to the amortised cost, with its fair value being determined by reference to market interest rate at the balance sheet date. It is, accordingly, determined at Level 2 in the three-level fair value determination hierarchy set out above.

Investment contract liabilities

The investment contract liabilities in Level 2 of the valuation hierarchy represent the fair value of linked and non-linked liabilities valued using established actuarial techniques utilising market observable data for all significant inputs, such as investment yields.

Significant unobservable inputs in Level 3 instrument valuations

The Level 3 instruments held in the Group are in relation to investments held in an Aegon managed Dutch Mortgage Fund that contains mortgage-backed assets in the Netherlands. The fair value of the mortgage fund is determined by the fund manager on a monthly basis using an in-house valuation model. The valuation model relies on a number of unobservable inputs, the most significant being the assumed conditional prepayment rate, the discount rate and the impairment rate, all of which are applied to the anticipated modelled cash flows to derive the fair value of the underlying asset.

The assumed Conditional Prepayment Rate (CPR) is used to calculate the projected prepayment cash flow per individual loan and reflects the anticipated early repayment of mortgage balances. The CPR is based on four variables:

- Contract age – The CPR for newly originated mortgage loans will initially be low, after which it increases for a couple of years to its maximum expected value, and subsequently diminishes over time.
- Interest rate differential – The difference between the contractual rates and current interest rates are positively correlated with prepayments. When contractual rates are higher than interest rates of newly originated mortgages, we observe more prepayments and the vice versa.
- Previous partial repayments – Borrowers who made a partial prepayment in the past, are more likely to do so in the future.
- Burnout effect – Borrowers who have not made a prepayment in the past, while their option to prepay was in the money, are less likely to prepay in the future.

The projected prepayment cash flows per loan are then combined to derive an average expected lifetime CPR, which is then applied to the outstanding balance of the fund. The CPR used in the valuation of the fund as at 30 June 2025 was 3.7% (31 December 2024: 3.7%).

The expected projected cash flows for each mortgage within the loan portfolio are discounted using rates that are derived using a matrix involving the following three parameters:

- The remaining fixed rate term of the mortgage
- Indexed Loan to Value (LTV) of each mortgage
- Current (Aegon) mortgage rates

At 30 June 2025, this resulted in discounting the cash flows in each mortgage using a range from 3.86% to 4.62% (31 December 2024: 4.06% to 4.26%).

An impairment percentage is applied to those loan cash flows which are in arrears, to reflect the chance of the loan actually going into default. For those loans which are 1, 2 or 3 months in arrears, an impairment percentage is applied to reflect the chance of default. This percentage ranges from 0.60% for 1 month in arrears to 13.70% for loans which are 3 months in arrears (31 December 2024: 0.60% for 1 month in arrears to 13.70% for loans which are 3 months in arrears). Loans which are in default receive a 100% reduction in value.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Financial asset and liability fair value disclosures (continued)

Significant unobservable inputs in Level 3 instrument valuations (continued)

The value of the fund has the potential to decrease or increase over time. This can be as a consequence of a periodic reassessment of the conditional prepayment rate and/or the discount rate used in the valuation model.

A 1 percent increase in the CPR would reduce the value of the asset by £1.9m (31 December 2024: £2.0m).

A 1 percent decrease in the CPR would increase the value of the asset by £2.1m (31 December 2024: £2.2m).

A 1 percent increase in the discount rate would reduce the value of the asset by £14.2m (31 December 2024: £15.3m).

A 1 percent decrease in the discount rate would increase the value of the asset by £16.1m (31 December 2024: £17.5m)

Reconciliation of Level 3 fair value measurements of financial instruments

Unaudited 30 June 2025	Investment properties £m	Holdings in collective investment schemes £m	Policyholder funds held by Group £m	Total £m
At start of period	**91.7**	**168.6**	**44.2**	**304.5**
Total gains and losses recognised in the income statement	6.4	19.3	(6.7)	19.0
Purchases	0.7	–	11.5	12.2
Settlements	(4.8)	–	(7.0)	(11.8)
Exchange rate adjustment	–	6.6	2.6	9.2
At the end of period	**94.0**	**194.5**	**44.6**	**333.1**

31 December 2024	Investment properties £m	Holdings in collective investment schemes £m	Policyholder funds held by Group £m	Total £m
At start of period	**88.1**	**142.5**	**42.4**	**273.0**
Additions – acquisition of subsidiary	–	–	–	–
Total gains and losses recognised in the income statement	8.1	33.5	1.9	43.5
Purchases	3.4	–	17.0	20.4
Settlements	(7.9)	–	(13.9)	(21.8)
Exchange rate adjustment	–	(7.4)	(3.2)	(10.6)
At the end of period	**91.7**	**168.6**	**44.2**	**304.5**

	Carrying amount		Fair value	
	Unaudited 30 Jun 2025 £m	31 Dec 2024 £m	Unaudited 30 Jun 2025 £m	31 Dec 2024 £m
Financial liabilities				
Borrowings	201.0	200.8	170.7	166.1
Amounts due in relation to financial reinsurance	1.6	2.4	1.6	2.3
Term finance	1.2	1.6	1.2	1.6

Borrowings consist of the Tier 2 debt, an amount due in relation to financial reinsurance and term finance.

The fair value of the Tier 2 debt is calculated using quoted prices in active markets and they are classified as Level 1 in the fair value hierarchy. The amount due in relation to financial reinsurance is measured at fair value with reference to market interest rates at the balance sheet date. The term finance's fair value is not materially different to its carrying value.

There were no transfers between Levels 1, 2 and 3 during the period. The Group holds no Level 3 liabilities as at the balance sheet date.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Insurance and reinsurance contracts

(a) Composition of the balance sheet

(i) Composition of the balance sheet as at 30 June 2025

Unaudited	UK £m	Movestic £m	Waard Group £m	Scildon £m	Group £m
Insurance contracts					
Insurance contract liabilities	1,283.9	176.0	729.3	1,924.4	4,113.6
Insurance contract assets	–	–	–	–	–
Net insurance contract liabilities	**1,283.9**	**176.0**	**729.3**	**1,924.4**	**4,113.6**
Reinsurance contracts					
Reinsurance contract assets	149.8	10.6	2.4	–	162.8
Reinsurance contract liabilities	(3.2)	–	–	(9.7)	(12.9)
Net reinsurance contract liabilities	**146.6**	**10.6**	**2.4**	**(9.7)**	**149.9**

(ii) Composition of the balance sheet as at 31 December 2024

	UK £m	Movestic £m	Waard Group £m	Scildon £m	Group £m
Insurance contracts					
Insurance contract liabilities	1,308.5	174.1	720.4	1,896.1	4,099.1
Insurance contract assets	(1.8)	–	–	–	(1.8)
Net insurance contract liabilities	**1,306.7**	**174.1**	**720.4**	**1,896.1**	**4,097.3**
Reinsurance contracts					
Reinsurance contract assets	154.8	12.4	2.7	–	169.9
Reinsurance contract liabilities	(2.0)	–	–	(14.6)	(16.6)
Net reinsurance contract liabilities	**152.8**	**12.4**	**2.7**	**(14.6)**	**153.3**

(iii) Composition of the balance sheet as at 30 June 2024 (restated)

Unaudited	UK £m	Movestic £m	Waard Group £m	Scildon £m	Group £m
Insurance contracts					
Insurance contract liabilities	1,368.3	176.7	740.7	1,893.7	4,179.4
Insurance contract assets	(2.4)	–	–	–	(2.4)
Net insurance contract liabilities	**1,365.9**	**176.7**	**740.7**	**1,893.7**	**4,177.0**
Reinsurance contracts					
Reinsurance contract assets	163.4	13.1	3.3	–	179.8
Reinsurance contract liabilities	(2.1)	–	–	(12.3)	(14.4)
Net reinsurance contract liabilities	**161.3**	**13.1**	**3.3**	**(12.3)**	**165.4**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Insurance and reinsurance contracts (continued)

(b) Movements in insurance contract balances – analysis by remaining coverage and incurred claims

(i) Movements in insurance contract balances for the period 1 January 2025 to 30 June 2025

Unaudited	Liabilities for remaining coverage		Liabilities for incurred claims	Contracts under PAA		
	Excluding loss component £m	Loss component £m	For contracts not under PAA £m	PV of future cash flows £m	Risk adjustment £m	Total £m
Net insurance contract liabilities as at 1 January 2025	**3,866.4**	**102.2**	**98.5**	**28.5**	**1.7**	**4,097.3**
Changes in the statement of profit and loss						
Insurance revenue						
Contracts measured under the fair value approach	(32.1)	–	–	–	–	(32.1)
Contracts measured under the fully retrospective approach	(103.9)	–	–	–	–	(103.9)
Insurance revenue total	**(136.0)**	**–**	**–**	**–**	**–**	**(136.0)**
Insurance service expenses						
Incurred claims and other directly attributable expenses	–	(38.8)	120.9	4.2	–	86.3
Adjustments to liabilities for incurred claims	–	–	–	(3.5)	(0.1)	(3.6)
Losses and reversals of losses on onerous contracts	–	52.4	–	–	–	52.4
Amortisation of insurance acquisition cash flows	1.6	–	–	–	–	1.6
Insurance service expense total	**1.6**	**13.6**	**120.9**	**0.7**	**(0.1)**	**136.7**
Insurance service result	**(134.4)**	**13.6**	**120.9**	**0.7**	**(0.1)**	**0.7**
Net finance expenses from insurance contracts	17.3	0.4	–	0.7	–	18.4
Effect of movements in exchange rates	98.2	3.3	1.7	1.7	0.1	105.0
Total amounts recognised in comprehensive income	**(18.9)**	**17.3**	**122.6**	**3.1**	**–**	**124.1**
Investment components	(150.7)	–	150.7	–	–	–
Cash flows						
Premiums received	147.0	–	1.6	–	–	148.6
Claims and other directly attributable expenses paid	–	–	(249.4)	(4.1)	–	(253.5)
Insurance acquisition cash flows	(2.9)	–	–	–	–	(2.9)
Total cash flows	**144.1**	**–**	**(247.8)**	**(4.1)**	**–**	**(107.8)**
Net insurance contract liabilities as at 30 June 2025	**3,840.9**	**119.5**	**124.0**	**27.5**	**1.7**	**4,113.6**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Insurance and reinsurance contracts (continued)

(b) Movements in insurance contract balances – analysis by remaining coverage and incurred claims (continued)

(ii) Movements in insurance contract balances for the period 1 January 2024 to 30 June 2024 (restated)

Unaudited	Liabilities for remaining coverage		Liabilities for incurred claims	Contracts under PAA		
	Excluding loss component £m	Loss component £m	For contracts not under PAA £m	PV of future cash flows £m	Risk adjustment £m	Total £m
Net insurance contract liabilities as at 1 January 2024	**3,958.1**	**89.4**	**113.4**	**36.9**	**1.2**	**4,199.0**
Changes in the statement of profit and loss						
Insurance revenue						
Contracts measured under the fair value approach	(29.6)	–	–	–	–	(29.6)
Contracts measured under the fully retrospective approach	(106.4)	–	–	–	–	(106.4)
Insurance revenue total	**(136.0)**	**–**	**–**	**–**	**–**	**(136.0)**
Insurance service expenses						
Incurred claims and other directly attributable expenses	–	(25.3)	118.1	4.6	–	97.4
Adjustments to liabilities for incurred claims	–	–	–	(2.1)	(0.1)	(2.2)
Losses and reversals of losses on onerous contracts	–	41.1	–	–	–	41.1
Amortisation of insurance acquisition cash flows	1.9	–	–	–	–	1.9
Insurance service expense total	**1.9**	**15.8**	**118.1**	**2.5**	**(0.1)**	**138.2**
Insurance service result	**(134.1)**	**15.8**	**118.1**	**2.5**	**(0.1)**	**2.2**
Net finance expenses from insurance contracts	174.2	0.4	–	–	–	174.6
Effect of movements in exchange rates	(60.7)	(1.8)	(1.1)	(1.5)	–	(65.1)
Total amounts recognised in comprehensive income	**(20.6)**	**14.4**	**117.0**	**1.0**	**(0.1)**	**111.7**
Investment components	(167.4)	–	167.8	–	–	0.4
Cash flows						
Premiums received	151.5	–	–	–	–	151.5
Claims and other directly attributable expenses paid		–	(279.0)	(4.1)	–	(283.1)
Insurance acquisition cash flows	(2.5)	–	–	–	–	(2.5)
Total cash flows	**149.0**	**–**	**(279.0)**	**(4.1)**	**–**	**(134.1)**
Net insurance contract liabilities as at 30 June 2024	**3,919.1**	**103.8**	**119.2**	**33.8**	**1.1**	**4,177.0**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Insurance and reinsurance contracts (continued)

(c) Movements in insurance contract balances – analysis by measurement component – contracts not measured under the PAA

(i) Movements in insurance contract balances for the period 1 January 2025 to 30 June 2025

Unaudited	Present value of of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Net insurance contract liabilities as at 1 January 2025	**3,826.5**	**30.1**	**167.9**	**40.8**	**4,056.3**
Changes that relate to current service					
CSM recognised for services provided	–	–	(10.7)	(2.0)	(12.7)
Change in risk adjustment for non-financial risk for risk expired	–	(1.4)	–	–	(1.4)
Experience adjustments	(33.4)	–	–	–	(33.4)
Total changes that relate to current service	**(33.4)**	**(1.4)**	**(10.7)**	**(2.0)**	**(47.5)**
Changes that relate to future service					
Contracts initially recognised in the period	(14.4)	3.8	12.7	–	2.1
Changes in estimates that adjust the CSM	(5.1)	(0.7)	1.1	4.7	–
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	51.0	(0.5)	–	–	50.5
Total changes that relate to future service	**31.5**	**2.6**	**13.8**	**4.7**	**52.6**
Insurance service result	**(1.9)**	**1.2**	**3.1**	**2.7**	**5.1**
Net finance expenses from insurance contracts	15.7	(0.2)	1.8	0.5	17.8
Effect of movements in exchange rates	95.4	0.9	6.1	0.4	102.8
Total amounts recognised in comprehensive income	**109.2**	**1.9**	**11.0**	**3.6**	**125.7**
Cash flows					
Premiums received	143.0	–	–	–	143.0
Claims and other directly attributable expenses paid	(248.4)	–	–	–	(248.4)
Insurance acquisition cash flows	(2.6)	–	–	–	(2.6)
Total cash flows	**(108.0)**	**–**	**–**	**–**	**(108.0)**
Net insurance contract liabilities as at 30 June 2025	**3,827.7**	**32.0**	**178.9**	**44.4**	**4,083.0**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11 Insurance and reinsurance contracts (continued)

(c) Movements in insurance contract balances – analysis by measurement component – contracts not measured under the PAA (continued)

(ii) Movements in insurance contract balances for the period 1 January 2024 to 30 June 2024 (restated)

Unaudited	Present value of of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Net insurance contract liabilities as at 1 January 2024	**3,918.7**	**51.6**	**161.0**	**27.5**	**4,158.8**
Changes that relate to current service					
CSM recognised for services provided	–	–	(8.8)	(1.8)	(10.6)
Change in risk adjustment for non-financial risk for risk expired	–	(3.2)	–	–	(3.2)
Experience adjustments	(22.9)	–	–	–	(22.9)
Total changes that relate to current service	**(22.9)**	**(3.2)**	**(8.8)**	**(1.8)**	**(36.7)**
Changes that relate to future service					
Contracts initially recognised in the period	(4.3)	0.3	5.5	–	1.5
Changes in estimates that adjust the CSM	(7.0)	1.8	0.8	4.4	–
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	39.0	0.8	–	–	39.8
Total changes that relate to future service	**27.7**	**2.9**	**6.3**	**4.4**	**41.3**
Insurance service result	**4.8**	**(0.3)**	**(2.5)**	**2.6**	**4.6**
Net finance expenses from insurance contracts	173.2	(0.7)	1.8	0.3	174.6
Effect of movements in exchange rates	(58.9)	(0.9)	(3.5)	(0.2)	(63.5)
Total amounts recognised in comprehensive income	**119.1**	**(1.9)**	**(4.2)**	**2.7**	**115.7**
Cash flows					
Premiums received	146.8	–	–	–	146.8
Claims and other directly attributable expenses paid	(279.0)	–	–	–	(279.0)
Insurance acquisition cash flows	(2.3)	–	–	–	(2.3)
Total cash flows	**(134.5)**	**–**	**–**	**–**	**(134.5)**
Net insurance contract liabilities as at 30 June 2024	**3,903.3**	**49.7**	**156.8**	**30.2**	**4,140.0**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11 Insurance and reinsurance contracts (continued)

(d) Movements in reinsurance contract balances – analysis by remaining coverage and incurred claims

(i) Movements in reinsurance contract balances for the period 1 January 2025 to 30 June 2025

Unaudited	Assets for remaining coverage		Liabilities for incurred claims	Contracts under PAA		
	Excluding loss-recovery component £m	Loss-recovery component £m	For contracts not under PAA £m	Future cash flows £m	Risk adjustment £m	Total £m
Net reinsurance contract assets as at 1 January 2025	**120.6**	**5.1**	**15.9**	**11.6**	**0.1**	**153.3**
Reinsurance expenses – allocation of reinsurance	(29.1)	–	–	–	–	(29.1)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other directly attributable expenses	–	–	27.1	1.0	–	28.1
Changes in the expected recoveries for past claims	–	–	5.4	(1.3)	–	4.1
Changes in the loss recovery component	–	(0.1)	–	–	–	(0.1)
Net (expenses)/income from reinsurance contracts held	**(29.1)**	**(0.1)**	**32.5**	**(0.3)**	**–**	**3.0**
Net finance expenses from reinsurance contracts	4.3	–	–	0.3	–	4.6
Effect of movements in exchange rates	(0.6)	0.2	0.1	0.7	–	0.4
Total amounts recognised in comprehensive income	**(25.4)**	**0.1**	**32.6**	**0.7**	**–**	**8.0**
Investment components	(1.4)	–	1.4	–	–	–
Cash flows						
Premiums paid net of ceding commission	17.6	–	–	–-	–	17.6
Recoveries from reinsurance contracts held	–	–	(28.0)	(1.0)	–	(29.0)
Total cash flows	**17.6**	**–**	**(28.0)**	**(1.0)**	**–**	**(11.4)**
Net reinsurance contract assets as at 30 June 2025	**111.4**	**5.2**	**21.9**	**11.3**	**0.1**	**149.9**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11 Insurance and reinsurance contracts (continued)

(d) Movements in reinsurance contract balances – analysis by remaining coverage and incurred claims (continued)

(ii) Movements in reinsurance contract balances for the period 1 January 2024 to 30 June 2024 (restated)

Unaudited	Assets for remaining coverage		Liabilities for incurred claims	Contracts under PAA		
	Excluding loss-recovery component £m	Loss-recovery component £m	For contracts not under PAA £m	Future cash flows £m	Risk adjustment £m	Total £m
Net reinsurance contract assets as at 1 January 2024	**124.0**	**6.2**	**23.3**	**14.9**	**0.2**	**168.6**
Reinsurance expenses – allocation of reinsurance	(27.3)	–	–	–	–	(27.3)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other directly attributable expenses	–	–	25.8	1.2	–	27.0
Changes in the expected recoveries for past claims	–	–	–	(0.8)	–	(0.8)
Changes in the loss recovery component	–	(0.1)	–	–	–	(0.1)
Net (expenses)/income from reinsurance contracts held	**(27.3)**	**(0.1)**	**25.8**	**0.4**	**–**	**(1.2)**
Net Finance expenses from reinsurance contracts	2.5	–	–	–	–	2.5
Effect of movements in exchange rates	0.5	(0.1)	(0.2)	(0.6)	–	(0.4)
Total amounts recognised in comprehensive income	**(24.3)**	**(0.2)**	**25.6**	**(0.2)**	**–**	**0.9**
Investment components	(1.0)	–	1.0	–	–	–
Cash flows						
Premiums paid net of ceding commission	27.0	–	–	–	–	27.0
Recoveries from reinsurance contracts held	–	–	(30.0)	(1.1)	–	(31.1)
Total cash flows	**27.0**	**–**	**(30.0)**	**(1.1)**	**–**	**(4.1)**
Net reinsurance contract assets as at 30 June 2024	**125.7**	**6.0**	**19.9**	**13.6**	**0.2**	**165.4**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11 Insurance and reinsurance contracts (continued)

(e) Movements in reinsurance contract balances – analysis by measurement component – contracts not measured under the PAA

(i) Movements in reinsurance contract balances for the period 1 January 2025 to 30 June 2025

Unaudited	Present value of of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Net reinsurance contract assets as at 1 January 2025	**97.6**	**10.2**	**28.6**	**4.5**	**140.9**
Changes that relate to current service					
CSM recognised for services received	–	–	(1.6)	0.2	(1.4)
Change in risk adjustment for non-financial risk for risk expired	–	(0.5)	–	–	(0.5)
Experience adjustments	6.8	–	–	–	6.8
Total changes that relate to current service	**6.8**	**(0.5)**	**(1.6)**	**0.2**	**4.9**
Changes that relate to future service					
Contracts initially recognised in the period	(5.1)	2.2	2.9	–	–
Changes in estimates that adjust the CSM	4.5	(0.3)	(5.9)	(3.4)	(5.1)
CSM adjustment for income on initial recognition of onerous underlying contracts	–	–	0.2	–	0.2
Changes in the FCF that do not adjust CSM for the group of underlying insurance contracts	–	–	4.8	–	4.8
Total changes that relate to future service	**(0.6)**	**1.9**	**2.0**	**(3.4)**	**(0.1)**
Net (expense)/income from reinsurance contracts held	**6.2**	**1.4**	**0.4**	**(3.2)**	**4.8**
Net finance income from reinsurance contracts held	4.1	–	0.2	–	4.3
Effect of movements in exchange rates	(1.7)	0.3	1.1	–	(0.3)
Total amounts recognised in comprehensive income	**8.6**	**1.7**	**1.7**	**(3.2)**	**8.8**
Cash flows					
Premiums paid net of ceding commission	17.6	–	–	–	17.6
Recoveries from reinsurance contracts held	(28.0)	–	–	–	(28.0)
Total cash flows	**(10.4)**	**–**	**–**	**–**	**(10.4)**
Net reinsurance contract assets as at 30 June 2025	**95.8**	**11.9**	**30.3**	**1.3**	**139.3**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11 Insurance and reinsurance contracts (continued)

(e) Movements in reinsurance contract balances – analysis by measurement component – contracts not measured under the PAA (continued)

(ii) Movements in reinsurance contract balances for the period 1 January 2024 to 30 June 2024 (restated)

Unaudited	Present value of of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Net reinsurance contract assets as at 1 January 2024	**106.9**	**15.2**	**26.4**	**5.6**	**154.1**
Changes that relate to current service					
CSM recognised for services received	–	–	(1.4)	(0.2)	(1.6)
Change in risk adjustment for non-financial risk for risk expired	–	(1.1)	–	–	(1.1)
Experience adjustments	2.4	–	–	–	2.4
Total changes that relate to current service	**2.4**	**(1.1)**	**(1.4)**	**(0.2)**	**(0.3)**
Changes that relate to future service					
Contracts initially recognised in the period	(2.6)	0.1	2.5	–	–
Changes in estimates that adjust the CSM	0.4	2.0	(1.0)	(1.3)	0.1
CSM adjustment for income on initial recognition of onerous underlying contracts	–	–	0.1	–	0.1
Total changes that relate to future service	**(2.2)**	**2.1**	**1.6**	**(1.3)**	**0.2**
Net (expense)/income from reinsurance contracts held	**0.2**	**1.0**	**0.2**	**(1.5)**	**(0.1)**
Net finance income from reinsurance contracts held	2.7	(0.4)	0.2	–	2.5
Effect of movements in exchange rates	0.9	(0.1)	(0.5)	–	0.3
Total amounts recognised in comprehensive income	**3.8**	**0.5**	**(0.1)**	**(1.5)**	**2.7**
Cash flows					
Premiums paid net of ceding commission	25.6	–	–	–	25.6
Recoveries from reinsurance contracts held	(30.0)	–	–	–	(30.0)
Total cash flows	**(4.4)**	**–**	**–**	**–**	**(4.4)**
Net reinsurance contract assets as at 30 June 2024	**106.3**	**15.7**	**26.3**	**4.1**	**152.4**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Borrowings

	Unaudited 30 Jun 2025 £m	31 Dec 2024 £m
Tier 2 debt	201.0	200.8
Amount due in relation to financial reinsurance	1.6	2.4
Other	1.2	1.6
Total	**203.8**	**204.8**

The fair value of amounts due in relation to Tier 2 debt at 30 June 2025 was £170.7m (31 December 2024: £166.1m).

The fair value of amounts due in relation to financial reinsurance at 30 June 2025 was £1.6m (31 December 2024: £2.3m).

Term finance comprises capital amounts outstanding on mortgage bonds taken out over properties held in the unit-linked policyholder funds in the UK. The mortgage over each such property is negotiated separately, varies in term from 5 to 20 years, and bears interest at fixed or floating rates that are agreed at the time of inception of the mortgage. The fair value of the term finance is not materially different to the carrying value shown above.

13 Approval of interim financial statements for the six months ended 30 June 2025

This condensed set of consolidated financial statements has been approved by the Board of Directors on 27 August 2025. A copy of this report will be available to the public at the Company's registered office, 2nd Floor, Building 4, West Strand Business Park, West Strand Road, Preston, PR1 8UY and at **www.chesnara.co.uk**

14 Subsequent events

On 3 July 2025, Chesnara plc announced an agreement to acquire the entire share capital of HSBC Life (UK) from HSBC Bank plc for a total consideration of £260.0m. Completion of the acquisition is subject to regulatory approvals and is expected to occur in early 2026.

A rights issue was launched on 3 July 2025, as part of the financing for the acquisition. The transaction raised £140.0m of cash and increased equity by £136.0m, with the difference being due to transaction costs.

As a result of the successful rights issue and the proposed HSBC Life (UK) acquisition, Chesnara plc has been admitted to the FTSE 250 Index, effective from Monday 18 August.

£150.0m of restricted Tier 1 convertible notes with a coupon rate of 8.5% were issued by Chesnara plc on 1 August 2025. The notes are listed on the Global Exchange Market of Euronext Dublin. The transaction raised £147.9m of cash and increased equity by £147.9m, with the difference being due to transaction costs.

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

28 August 2025
Results for the six months
ended 30 June 2025 announced

4 September 2025
Interim ex-dividend date

5 September 2025
Interim dividend record date

26 September 2025
Last date for dividend reinvestment
plan elections

17 October 2025
Interim dividend payment date

KEY CONTACTS

Registered and head office
2nd Floor, Building 4
West Strand Business Park
West Strand Road
Preston
Lancashire
PR1 8UY

T +44 (0)1772 972050
www.chesnara.co.uk

Advisors
Burness Paull LLP
Exchange Plaza
50 Lothian Road
Edinburgh
EH3 9WJ

Auditor
Deloitte LLP
Statutory Auditor
1 City Square
Leeds
LS1 2AL

Registrars
MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds
LS1 4DL

Joint Stockbrokers and Corporate Advisors
Panmure Liberum
25 Ropemaker Street
London
EC2Y 9LY

RBC Capital Markets
100 Bishopsgate
London
EC2N 4AA

Bankers
National Westminster Bank plc
135 Bishopsgate
London
EC2M 3UR

Lloyds Bank plc
3rd Floor, Black Horse House
Medway Wharf Road
Tonbridge
Kent
TN9 1QS

Public Relations Consultants
Teneo
The Carter Building
11 Pilgrim Street
London
EC4V 6RN

ALTERNATIVE PERFORMANCE MEASURES

Throughout this Half Year Report we use Alternative Performance Measures (APMs) to supplement the assessment and reporting of the performance of the Group. These measures are those that are not defined by statutory reporting frameworks, such as IFRS or Solvency II.

The APMs aim to assess performance from the perspective of all stakeholders, providing additional insight into the financial position and performance of the Group and should be considered in conjunction with the statutory reporting measures such as IFRS and Solvency II.

The following table identifies the key APMs used in this report, how each is defined and why we use them. Further information can be found throughout the financial review.

APM	WHAT IS IT?	WHY DO WE USE IT?	REF
Cash Generation *Note: This measure was previously referred to as 'Commercial Cash Generation'. There has been no change to the basis of calculation.*	Cash Generation is used by the Group as a measure of assessing how much dividend potential has been generated, subject to ensuring other constraints are managed. Cash Generation excludes the impact of technical adjustments and modelling changes; representing the inherent Commercial Cash generated by the business.	Cash Generation provides stakeholders with enhanced insight into Cash Generation, drawing out components of the result relating to technical complexities or exceptional items. The result is deemed to better reflect the Group's view of commercial performance, showing key drivers within that.	See Cash Generation on page 17 and reconciliation on page 60
Base Cash Generation	Base Cash Generation is used by the Group as a measure of assessing how much dividend potential has been generated, subject to ensuring other constraints are managed. Base Cash Generation is calculated as the movement in the Group's surplus Own Funds above the Group's internally required capital, as determined by applying the Group's Capital Management Policy, which has Solvency II rules at its heart.	Base Cash Generation is a key measure, because it is the net cash flows to Chesnara from its life and pensions businesses which support Chesnara's dividend-paying capacity and acquisition strategy. Cash Generation can be a strong indicator of how we are performing against our stated objective of 'maximising value from existing business'.	See Cash Generation on page 17 and reconciliation on page 60
Divisional Cash Generation	Divisional Cash Generation represents the movement in surplus Own Funds above local capital management policies within the three operating divisions of Chesnara. Divisional Cash Generation is used as a measure of how much dividend potential a division has generated, subject to ensuring other constraints are managed.	It is an important indicator of the operating performance of the business before the impact of Group level operations and consolidation adjustments.	See Cash Generation on page 17
Economic Value (EcV)	EcV is a financial metric that is derived from Solvency II Own Funds. It provides a market consistent assessment of the value of existing insurance businesses, plus adjusted net asset value of the non-insurance business within the Group. We define EcV as Own Funds adjusted for contract boundaries, risk margin and restricted with-profit surpluses. As such, EcV and Own Funds have many common characteristics and tend to be impacted by the same factors.	EcV reflects the market-related value of in-force business and net assets of the non-insurance business and hence is an important reference point by which to assess the Group's value. A life and pensions group may typically be characterised as trading at a discount or premium to its Economic Value. Analysis of EcV provides additional insight into the development of the business over time. The EcV development of the Group over time can be a strong indicator of how we have delivered to our strategic objectives.	See EcV analysis on page 20
Economic Value (EcV) Earnings	The principal underlying components of the EcV Earnings are: – The expected return from existing business (being the effect of the unwind of the rates used to discount the value in-force); – Value added by the writing of new business; – Variations in actual experience from that assumed in the opening valuation; – The impact of restating assumptions underlying the determination of expected cash flows; and – The impact of acquisitions.	By recognising the market-related value of in-force business (in-force value), a different perspective is provided in the performance of the Group and on the valuation of the business. EcV Earnings are an important KPI as they provide a longer-term measure of the value generated during a period. The EcV Earnings of the Group can be a strong indicator of how we have delivered against all three of our core strategic objectives.	See EcV Earnings analysis on page 21

ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

APM	WHAT IS IT?	WHY DO WE USE IT?	REF
EcV Operating Earnings	This is the element of EcV Earnings (see above) that is generated from the Company's ongoing core business operations, excluding any profit earned from investment market conditions in the period and any economic assumption changes in the future.	EcV Operating Earnings provide an indication of the underlying value generated by the business. This measure can identify profitable activities and also inefficient processes and potential management actions.	See EcV Earnings analysis on page 21
EcV Economic Earnings	This is the element of EcV Earnings (see above) that is derived from investment market conditions in he period and any economic assumption changes in the future.	EcV Economic Earnings are important in order to measure the additional value generated from investment market factors.	See EcV Earnings analysis on page 21
New Business Contribution	A more commercially relevant measure of new business profit than that recognised directly under the Solvency II regime, allowing for a modest level of return, over and above risk-free, and exclusion of the incremental risk margin Solvency II assigns to new business.	This provides a fair commercial reflection of the value added by new business operations and is more comparable with how new business is reported by our peers, improving market consistency.	See business review section on pages 11 to 16
Solvency	Solvency is a fundamental financial measure which is of paramount importance to investors and policyholders. It represents the relationship between the value of the business as measured on a Solvency II basis and the capital the business is required to hold – the Solvency Capital Requirement (SCR). Solvency can be reported as an absolute surplus value or as a ratio.	Solvency gives policyholders comfort regarding the security of their provider. This is also the case for investors, together with giving them a sense of the level of potential surplus available to invest in the business or distribute as dividends, subject to other considerations and approvals.	See financial review section on pages 18 to 19
Assets under Administration (AuA)	AuA reflects the value of the financial assets that the business manages, as reported in the IFRS Consolidated Balance Sheet.	AuA provides an indication of the scale of the business, and the potential future returns that can be generated from the assets that the Group manages and administers on behalf of customers.	See Consolidated Balance Sheet on page 29
Leverage	A financial measure that demonstrates the degree to which the Company is funded by debt financing versus equity capital, presented as a ratio. It is defined as debt divided by debt plus equity, with the equity denominator adding back the net of tax CSM liability, as measured under IFRS.	This measure indicates the overall level of indebtedness of the Group and is also a key component of the bank covenant arrangements held by Chesnara.	See IFRS balance sheet on page 22
IFRS Capital Base	IFRS net equity plus the consolidated CSM net of reinsurance and tax.	It is a more appropriate measure of the value of the business than net equity as it allows for the store of deferred profits held in the balance sheet, as represented by the CSM, including those as yet unrecognised profits from writing new business and acquisitions.	See IFRS Income Statement on page 23
Policies/ policy count	Policy count is the number of policies that the Group manages on behalf of customers.	This is important to show the scale of the business, particularly to provide context to the rate at which the closed-book business is maturing. In our open businesses, the policy count shows the net impact of new business versus policy attrition.	

RECONCILIATION OF METRICS

The key interaction between our statutory reporting rules under IFRS and the Alternative Performance Measures is with the Solvency II valuation and the Own Funds balance. A reconciliation from IFRS net assets to Solvency II Own Funds is shown below:

£m	30 Jun 2025	31 Dec 2024	Rationale
Group IFRS net assets	**293.3**	**314.5**	
Removal of intangible assets; AVIF, DAC and DIL	(87.4)	(86.0)	Intangible assets that cannot be sold separately have no intrinsic value under Solvency II rules.
Removal of IFRS reserves, net of reinsurance	12,547.9	11,721.8	Net liabilities are calculated differently between the two methodologies and hence IFRS reserves are replaced with Solvency II technical provisions. The main differences in methodology are discussed further below.
Inclusion of SII technical provisions, net of reinsurance	(12,274.0)	(11,468.0)	
Other valuation differences	(10.0)	(4.4)	Other valuation differences.
Mortgage loan valuation difference	37.2	34.5	Valuation difference of the mortgage debt between IFRS and SII.
Deferred tax valuation differences	(18.1)	(12.2)	These are the deferred tax impacts as a result of the adjustments above.
Foreseeable dividends	(13.4)	(24.3)	Under Solvency II rules, future 'foreseeable dividends' are required to be recognised within Own Funds. Under IFRS rules, dividends are recognised when paid.
Tier 2 debt valuation differences	30.3	34.7	Valuation difference of Tier 2 debt between IFRS and SII.
Tier 2 debt under SII	170.7	166.1	Tier 2 capital plus the restriction placed on the subordinated debt within Own Funds under Solvency II requirements.
Tier 2/3 restrictions	(39.4)	(32.1)	
Ring-fenced surpluses	(5.0)	(1.9)	Solvency II requires that Own Funds are reduced by any surpluses that are restricted. For Chesnara, this relates to surpluses within the two S&P with-profits funds, which are temporarily restricted. These restrictions are removed through periodic capital transfers.
Group SII Own Funds	**632.1**	**642.7**	

The main differences between the two methodologies for calculating actuarial net liabilities are as follows:

- Under IFRS 9, the value of investment contracts is taken as the unit liability, whilst under Solvency II, a non-unit reserve and risk margin are required.
- Best estimate assumptions are used for both IFRS 17 and Solvency II; however, the former requires the CSM to be held for which there is no equivalent under Solvency II.
- Both bases require a margin for adverse deviation, respectively the risk adjustment and the risk margin, but whilst the approach used is very similar, the cost of capital applied is different.
- For the most part, the yield curves adopted for discounting under IFRS 17 are very similar to those used in Solvency II, the exception being that for certain Dutch 'savings mortgage' products the IFRS 17 liabilities use a yield curve derived from mortgage rates available in the market.
- The reserve for future expenses held in Chesnara plc under Solvency II is not permitted under IFRS.
- Other valuation differences relate to the definition of contract boundary and the allowability, or otherwise, of certain expenses such as investment management expenses on products where no investment service is provided.

RECONCILIATION OF METRICS (CONTINUED)

Solvency II position

Solvency II is the solvency regime that applies to the Group. Over and above IFRS, Solvency II imposes a capital requirement on the Group.

A summary of the solvency position of the Group at 30 June 2025 and 31 December 2024 is as follows:

£m	30 Jun 2025	31 Dec 2024
Group SII Own Funds (OF)	632.1	642.7
Solvency Capital Requirement (SCR)	305.7	315.8
Solvency surplus	326.4	326.8
Solvency ratio	207%	203%

Cash Generation

Cash Generation is used by the Group as a measure of assessing how much dividend potential has been generated, subject to ensuring other constraints are managed. Group Cash Generation is calculated as the movement in the Group's surplus Own Funds above the Group's internally required capital, as determined by applying the Group's Capital Management Policy, which has Solvency II rules at its heart. For further information on Cash Generation, please refer to the financial review section.

Cash Generation can be derived from the opening and closing solvency positions as follows:

	£m
Opening Solvency II surplus:	
Own Funds – 31 Dec 2024	642.7
Remove Tier 2 debt at book value	(200.0)
SCR – 31 Dec 2024	(315.8)
Add back Own Funds Restriction	1.9
Additional capital to meet normal internal operating range (40% of SCR)	(126.3)
Surplus available for distribution – 31 Dec 2024	**2.5**
Closing Solvency II surplus:	
Own Funds – 30 Jun 2025	632.1
Remove Tier 2 debt at book value	(200.0)
SCR – 30 Jun 2025	(305.7)
Add back Own Funds Restriction	5.0
Additional capital to meet normal internal operating range (40% of SCR)	(122.3)
Surplus available for distribution – 30 Jun 2025	**9.1**

The closing Solvency II position at 30 June 2025 reflects the payment of the final 2024 dividend of £24.3m paid during the period and reflects a foreseeable interim dividend of £13.4m due to be paid later in 2025. As these are distributions to shareholders, akin to IFRS profit reporting, these do not form part of the Cash Generation metric and should be excluded. Consequently, Base Cash Generation can be derived as shown in the following table.

	HY25 £m	HY24 £m
Closing surplus available for distribution less opening available surplus for distribution	6.6	(17.9)
Add back: Movement in Tier 3 asset and restrictions	4.4	24.6
Add back: Foreseeable interim dividend	13.4	13.0
Base Cash Generation	**24.4**	**19.6**
Symmetric adjustment	9.5	9.3
WP restriction look through	3.1	0.2
Cash Generation	**36.9**	**29.2**

RECONCILIATION OF METRICS (CONTINUED)

EcV to Solvency II – £m

EcV is based on a Solvency II assessment of the value of the business but adjusted for certain items where it is deemed that Solvency II does not reflect the commercial value of the business. The above waterfall shows the key difference between EcV and Solvency II, with explanations for each item below.

	£m
HY25 EcV	**517.2**
Risk margin	(37.9)
Contract boundaries	3.5
Tier 2 debt	200.0
RFF & Tier 2/3 restrictions	(44.2)
Deferred tax asset adjustment	6.9
Dividends	(13.4)
HY25 SII Own Funds	**632.1**

Risk margin:
Solvency II rules applying to our European businesses require a significant 'risk margin' which is held on the Solvency II balance sheet as a liability, and this is considered to be materially above a realistic cost. We therefore reduce this margin for risk for EcV valuation purposes from being based on a 6% (UK: 4%) cost of capital to a 3.25% cost of capital, risk tapering is subsequently applied in line with the parameters and approach used in the calculation of the risk margin under Solvency UK.

Contract boundaries:
Solvency II rules do not allow for the recognition of future cash flows on certain in-force contracts, despite the high probability of receipt. We therefore make an adjustment to reflect the realistic value of the cash flows under EcV.

Ring-fenced fund restrictions:
Solvency II rules require a restriction to be placed on the value of surpluses that exist within certain ring-fenced funds. These restrictions are reversed for EcV valuation purposes as they are deemed to be temporary in nature.

Dividends:
The proposed interim dividend of £13m is recognised for Solvency II regulatory reporting purposes. It is not recognised within EcV until it is actually paid.

Tier 2:
The Tier 2 debt is treated as 'quasi equity' for Solvency II purposes. For EcV, consistent with IFRS, we continue to report this as debt. Under Solvency II this debt is recognised at fair value, while for EcV this remains at book value.

Tier 3:
Under Solvency II, the eligibility of Tier 3 Own Funds is restricted in accordance with regulatory rules. For EcV, the Tier 3 Own Funds are recognised at a deemed realistic value.

GLOSSARY

AGM Annual General Meeting.

ALM Asset Liability Management – management of risks that arise due to mismatches between assets and liabilities.

APE Annual Premium Equivalent – an industry-wide measure that is used for measuring the annual equivalent of regular and single premium policies.

Base Cash Generation This represents the cash that has been generated in the period. The cash generating capacity of the Group is largely a function of the movement in the solvency position of the insurance subsidiaries within the Group and takes account of the buffers that management has set to hold over and above the solvency requirements imposed by our regulators. Cash Generation is reported at a Group level and also at an underlying divisional level reflective of the collective performance of each of the divisions prior to any Group level activity.

BLAGAB Basic life assurance and general annuity business.

CA Countrywide Assured plc.

CALH Countrywide Assured Life Holdings Limited and its subsidiary companies.

CASLP Sanlam Life & Pensions UK.

Cash Generation Base Cash Generation excluding the impact of technical adjustments, modelling changes and exceptional corporate activity; the inherent Commercial Cash generated by the business.

Core Surplus Emergence Absolute surplus movement of the divisions including Chesnara entity but adjustments will be made for the impact of items such as FX, T2/T3 restrictions, acquisition impacts and shareholder dividends as deemed appropriate.
Note: Any adjustments will be subject to Board approval (and Remco approval if they impact remuneration) and will be transparently reported.

CSM Contractual Service Margin (CSM) represents the unearned profit that an entity expects to earn on its insurance contracts as it provides services.

Divisional Cash Generation This represents the cash generated by the three operating divisions of Chesnara (UK, Sweden and the Netherlands), exclusive of Group level activity.

Dividend Cover Defined as Cash Generation divided by the total of the interim and final proposed shareholder dividend for the financial year.

DNB De Nederlandsche Bank is the central bank of the Netherlands and is the regulator of our Dutch subsidiaries.

DORA Digital Operational Resilience Act (European Union regulation).

DPF Discretionary Participation Feature – a contractual right under an insurance contract to receive, as a supplement to guaranteed benefits, additional benefits whose amount or timing is contractually at the discretion of the issuer.

Dutch business Scildon and the Waard Group, consisting of Waard Leven N.V., Waard Schade N.V. and Waard Verzekeringen B.V.

Economic profit A measure of pre-tax profit earned from investment market conditions in the period and any economic assumption changes in the future (Alternative Performance Measure – APM).

EcV Economic Value is a financial metric that is derived from Solvency II Own Funds. It provides a market consistent assessment of the value of existing insurance businesses, plus adjusted net asset value of the non-insurance business within the Group.

EcV Earnings Measure of the value generated by the Group in a period.

FCA Financial Conduct Authority.

FI Finansinspektionen, being the Swedish Financial Supervisory Authority.

Form of proxy The form of proxy relating to the General Meeting being sent to shareholders with this document.

FSMA The Financial Services and Markets Act 2000 of England and Wales, as amended.

GMM General Measurement Model – the default measurement model which applies to insurance contracts with limited or no pass-through of investment risks to policyholders.

Group Chesnara plc and its existing subsidiary undertakings.

Group Centre Parent Company operations of Chesnara plc.

Group Own Funds In accordance with the UK's regulatory regime for insurers, it is the sum of the individual capital resources for each of the regulated related undertakings less the book-value of investments by the Group in those capital resources.

Group SCR In accordance with the UK's regulatory regime for insurers, it is the sum of individual capital resource requirements for the insurer and each of its regulated undertakings.

Group solvency Group solvency is a measure of how much the value of the Company exceeds the level of capital it is required to hold in accordance with Solvency II regulations.

HCL HCL Insurance BPO Services Limited.

IFRS International Financial Reporting Standards.

IFA Independent Financial Advisor.

KPI Key performance indicator.

LACDT Loss Absorbing Capacity of Deferred Tax.

Leverage A financial measure that demonstrates the degree to which the Company is funded by debt financing versus equity capital, usually presented as a ratio, defined as debt divided by debt plus equity, with the equity denominator adding back the net of tax CSM liability, as measured under IFRS.

London Stock Exchange London Stock Exchange plc.

LTIP Long-Term Incentive Plan – a reward system designed to incentivise executive directors' long-term performance.

Movestic Movestic Livförsäkring AB.

New business The present value of the expected future cash inflows arising from business written in the reporting period.

Official List The Official List of the Financial Conduct Authority.

Operating profit A measure of the pre-tax profit earned from a Company's ongoing core business operations, excluding any profit earned from investment market conditions in the period and any economic assumption changes in the future (Alternative Performance Measure – APM).

Ordinary shares Ordinary shares of 5 pence each in the capital of the Company.

ORSA Own Risk and Solvency Assessment.

Own Funds In accordance with the UK's regulatory regime for insurers, it is the sum of the individual capital resources for each of the regulated related undertakings less the book-value of investments by the Company in those capital resources.

PAA Premium Allocation Approach – a simplified measurement model which can be applied to short-term contracts.

PRA Prudential Regulation Authority.

QRT Quantitative Reporting Template.

RA Risk adjustment is the additional reserve held for non-financial risks.

RCF 3 year Revolving Credit Facility of £150m (currently unutilised) renewed in July 2024.

Resolution The resolution set out in the notice of General Meeting set out in this document.

RMF Risk Management Framework.

Robein Leven Robein Leven N.V.

Scildon Scildon N.V.

Shareholder(s) Holder(s) of ordinary shares.

Solvency II A fundamental review of the capital adequacy regime for the European insurance industry. Solvency II aims to establish a set of EU-wide capital requirements and risk management standards and has replaced the Solvency I requirements.

Solvency (absolute) surplus A measure of how much the value of the Company (Own Funds) exceeds the level of capital it is required to hold.

Standard Formula The set of prescribed rules used to calculate the regulatory SCR where an internal model is not being used.

STIS Short-Term Incentive Scheme – a reward system designed to incentivise executive directors' short-term performance.

SCR In accordance with the UK's regulatory regime for insurers, it is the sum of individual capital resource requirements for the insurer and each of its regulated undertakings.

Swedish business Movestic and its subsidiaries and associated companies.

S&P Save & Prosper Insurance Limited and Save & Prosper Pensions Limited.

TCF Treating Customers Fairly – a central PRA principle that aims to ensure an efficient and effective market and thereby help policyholders achieve fair outcomes.

Tier 2 Term debt capital (Tier 2 Subordinated Notes) issued in February 2022 with a 10.5 year maturity and 4.75% coupon rate.

Transfer ratio The proportion of new policies transferred into the business in relation to those transferred out.

TSR Total Shareholder Return, measured with reference to both dividends and capital growth.

UK or United Kingdom The United Kingdom of Great Britain and Northern Ireland.

UK business CA, S&P and CASLP.

VA The Volatility Adjustment is a measure to ensure the appropriate treatment of insurance products with long-term guarantees under Solvency II. It represents an adjustment to the rate used to discount liabilities to mitigate the effect of short-term volatility bond returns.

VFA Variable Fee Approach – the measurement model that is applied to insurance contracts with significant investment-related pass-through elements.

Waard The Waard Group.

NOTE ON TERMINOLOGY

As explained in Note 5 of the IFRS Financial Statements, the principal reporting segments of the Group are:

CA	which comprises the original business of Countrywide Assured plc, the Group's original UK operating subsidiary; City of Westminster Assurance Company Limited, which was acquired by the Group in 2005, the long-term business of which was transferred to Countrywide Assured plc during 2006; S&P which was acquired on 20 December 2010. This business was transferred from Save & Prosper Insurance Limited and Save & Prosper Pensions Limited to Countrywide Assured plc on 31 December; and Protection Life Company Limited which was acquired by the Group in 2013, the long-term business of which was transferred into Countrywide Assured plc in 2014, as well as the portfolio of policies acquired from Canada Life on 16 May 2023 and reinsured into Countrywide Assured plc;
CASLP – 'SLP'	Sanlam Life & Pensions UK which was acquired on 28 April 2022. CASLP was dissolved by court order on 14 January 2025;
Movestic	which was purchased on 23 July 2009 and comprises the Group's Swedish business, Movestic Livförsäkring AB and its subsidiary and associated companies;
The Waard Group	which was acquired on 19 May 2015 and comprises two insurance companies; Waard Leven N.V. and Waard Schade N.V.; and a service company, Waard Verzekeringen; Robein Leven N.V. acquired on 28 April 2022; and the insurance portfolio of Conservatrix acquired on 1 January 2023;
Scildon	which was acquired on 5 April 2017; and
Other Group activities	which represents the functions performed by the Parent Company, Chesnara plc. Also included in this segment are consolidation adjustments.

CAUTIONARY AND FORWARD-LOOKING STATEMENTS

Cautionary and forward-looking statements

This document has been prepared for the members of Chesnara plc and no one else. Chesnara plc, its directors or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. Nothing in this document should be construed as a profit forecast or estimate.

This document may contain, and we may make other statements (verbal or otherwise) containing, forward-looking statements with respect to certain of the plans and current expectations relating to the future financial condition, business performance, and results, strategy and/or objectives (including without limitation, climate-related plans and goals) of Chesnara plc.

Statements containing the words 'believes', intends', 'will', 'expects', plans', 'aims', 'seeks', 'targets', 'continues' and 'anticipates' or other words of similar meaning are forward-looking.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of Chesnara plc including, amongst other things, UK domestic, Swedish domestic, Dutch domestic and global economic, political, social, environmental and business conditions, market-related risks such as fluctuations in interest rates, currency exchange rates, inflation, deflation, the impact of competition, changes in customer preferences, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations within relevant industries, the policies and actions of regulatory authorities, the impact of tax or other legislation and other regulations in the jurisdictions in which Chesnara plc and its subsidiaries operate. As a result, Chesnara plc's actual future condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements.

No representation is made with regard to forward-looking statements, including that any future results will be achieved. As a result, you are cautioned not to place undue reliance on such forward-looking statements contained in this document. Chesnara undertakes no obligation to update any of the forward-looking statements contained within this document or any other forward-looking statements we make. Forward-looking statements in this report are current only as of the date on which such statements are made.

The climate metrics used in this document should be treated with special caution, as they are more uncertain than, for example, historical financial information and given the wider uncertainty around the evolution and impact of climate change. Climate metrics include estimates of historical emissions and historical climate change and forward-looking climate metrics (such as ambitions, targets, climate scenarios and climate projections and forecasts). Our understanding of climate change and its impact continue to evolve. Accordingly, both historical and forward-looking climate metrics are inherently uncertain and Chesnara expects that certain climate disclosures made in this document are likely to be amended, updated, recalculated or restated in the future.

Registered and head office
2nd Floor, Building 4
West Strand Business Park
West Strand Road
Preston
Lancashire
PR1 8UY

T +44 (0)1772 972050
www.chesnara.co.uk

Registered Number: 04947166
Designed by The Chase