Chesnara

HALF YEAR REPORT

JUNE 2026

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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 section.

OVERVIEW

CHIEF EXECUTIVE OFFICER'S REVIEW

"Chesnara has delivered a very strong financial performance in the first half of 2026 with Operating Capital Generation up 79% and a 6% increase in the interim dividend. The now completed acquisition of Chesnara Life UK (previously HSBC Life (UK) Ltd) and proposed acquisition of Scottish Widows Europe SA are expected to materially enhance the Group's scale and strengthen its longer-term Operating Capital Generation potential."

STEVE MURRAY, CEO

During the period, we have continued to be disciplined in driving delivery against our three areas of strategic focus:

1. **Ensuring good outcomes for customers and investors whilst running our in-force 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.**

Further M&A and management actions

Following legal transfer of control of Chesnara Life UK (previously HSBC Life (UK) Ltd) in January 2026, activity during the first half of the year has focused on integrating the teams and planning for the migration of data and key services to SS&C which we expect to happen later in the year. The Group now has over £21bn[1] of assets and 1.3m of policies administered across our businesses.

In February 2026, we announced the proposed acquisition of Scottish Widows Europe SA, which is expected to add €1.7bn of AuA, approximately 46,000 in-force policies, and Cash Generation of €250m over the lifetime of the policies held in the Scottish Widows Europe SA portfolio[2]. Post announcement, a full programme of the work to prepare for the completion of the acquisition and subsequent separation has begun. Completion of the acquisition is expected around the end of the year, subject to regulatory approval.

We have continued to proactively seek out and implement management actions to mitigate risk, including mass lapse reinsurance, foreign exchange hedging arrangements and the introduction of Loss Absorbing Capacity of Deferred Taxes (LACDT). These actions collectively enhance solvency resilience, reduce earnings volatility, and support longer-term balance sheet stability, and in aggregate, have added in excess of £50m to Operating Capital Generation over the first half of 2026.

Very strong financial performance

We have delivered another set of strong financial results at the half year, with OCG of £96m, and a continued strong Solvency Coverage Ratio of 185% which is well above the upper end of the Group's operating range. This includes £51m of OCG from Chesnara Life UK.

As previously highlighted to investors, our confidence in the long-term value these acquisitions will bring to the Group, alongside our strong HY26 financial results, has led to a proposed 3% one-off step-up in the interim dividend (a total of 6%) to 8.16p per share, in line with previous guidance.

Operational delivery continues

We have seen positive progress across all areas of the Group.

The UK has continued to deliver the Transition and Transformation (T&T) programme, with the Part VII and migration of the second Canada Life portfolio now complete. In addition, management actions regarding the optimisation of the capital profile of the enlarged UK portfolio have been assessed and implemented, including mass lapse reinsurance for the Chesnara Life UK business. The UK onshore bond propositions continue to demonstrate strong growth, with year-on-year increases in volumes reflecting its attractive customer offering. As previously highlighted to investors, we completed the rebranding of HSBC Life (UK) Ltd to Chesnara Life UK at the beginning of 2026. Recent tax legislative changes have further strengthened demand, contributing to sustained momentum across the UK tax and retirement planning landscape. We remain on track to deliver the required data migration from HSBC in 2026 as part of the wider integration of Chesnara Life UK.

In Sweden we launched the 'Movestic Freedom' concept in the first half of 2026, supporting customers in the planning of their retirement. This has observed strong adoption and continues to gain momentum across policyholders. Within Life & Health offerings, a new health insurance product has been launched which combines preventative care with rapid access to specialist treatment. In addition, Movestic has entered into a partnership with Norwegian pension provider Duvi, extending the distribution of Life & Health products into the Norwegian market and supporting the sustained growth and diversification of the business.

In the Netherlands, the operational integration of Scildon and the Waard Group, post the legal merger which completed in July 2025, has progressed positively with further efficiencies delivered. The integration is expected to conclude by the end of the year.

[1]Includes the pro forma impact of the second Canada Life portfolio acquisition following completion of the Part VII transfer and subsequent migration by early August 2026.
[2]In line with the announcement on 17 February 2026.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

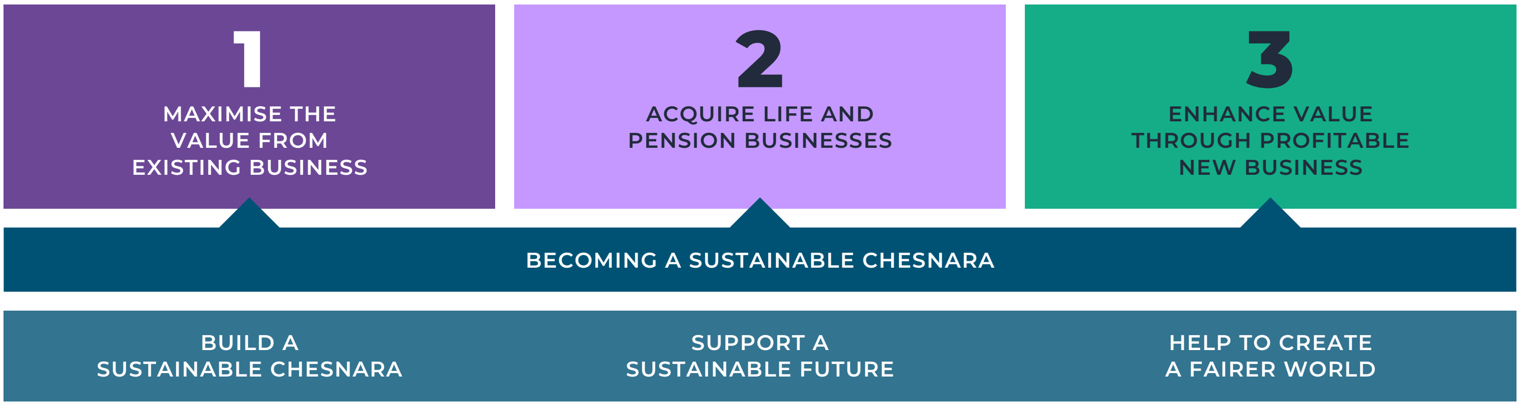
Each of the business units have continued to prioritise customer experience:

- The UK continues to focus on maintaining strong service standards, delivering competitive fund performance, ensuring fair value and providing clear communications and proactive support for vulnerable customers.
- Sweden continues to launch new products and concepts to support customers and their needs whilst also adding flexibility.
- The Netherlands has observed a record average customer rating and an increasing promoter score.

Creating sustainable long-term value

We remain committed to creating sustainable long-term value for our customers, shareholders and wider stakeholders through responsible business practices, effective stewardship and strong governance.

Becoming a sustainable Chesnara through our sustainability strategy continues to underpin our three strategic objectives. We shape and deliver our sustainability strategy in line with our sustainability pillars and underlying principles:



DO NO HARM. DO GOOD. ACT NOW FOR LATER

We published our Annual Sustainability Report in March 2026, which is available together with the Climate Transition Plan on our website. Our Annual Sustainability Report details our sustainability commitments, long-term ambitions and the actions we are taking to successfully manage the risks and opportunities that are presented by a changing world. During 2026, key activities we have been progressing include:

- Taking actions in line with our Climate Transition Plan, including reducing our operational footprint through the closing of our Wognum office and enhancing our reporting and understanding of the drivers of the movements in financed emissions;
- Integrating sustainability into decision-making across our enlarged Group, including sharing best practice with Chesnara Life UK;
- Developing our gap analysis and action plan against the requirements of the PRA's Supervisory Statement 5/25, which sets out updated expectations for how UK banks, building societies, and insurers must manage financial risks from climate change;
- Deepening our social value impact through ongoing charity partnerships, internships and volunteering; and
- Increasing disclosure on our policies and procedures, which is reflected in our latest ESG ratings, including Prime status from ISS.

Growth in new business

In the UK, sales of the onshore bond propositions have maintained momentum, contributing to a Group New Business Contribution (NBC) for the half year of £7m (HY25: £1m).

Movestic's NBC of £2m during the first half of the year (HY25: £1m) was primarily driven by strong unit-linked sales, supported by growth from key distribution partners. Life & Health also contributed positively, supported by new product initiatives and a recently launched Norwegian partnership with Duvi.

Scildon's Lifestyle term life proposition continues to be well recognised by advisors contributing to a total NBC of £3m over the period (HY25: £3m), despite increased market competition.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Our people

After an open market search, we were pleased to announce Sue-Ann Ind will be appointed as the new Group Chief Risk Officer, effective September 2026. Sue-Ann has over 30 years' experience working across risk, compliance, internal audit, finance, M&A and advisory across Financial Services. She brings extensive Financial Services and international experience to the Senior Leadership Team, including cross border M&A opportunities, which will be highly relevant as we continue to drive our strategy forward successfully.

I want to thank Niamh Carr for doing a fantastic job in the interim role and I am pleased to announce she will be joining Chesnara on a permanent basis as the Group's Director of Actuarial and Corporate Development.

Following Marek Rydén's departure, Cecilia Ardström was appointed Chair of Movestic Fonder AB (MOFAB), further strengthening the Board with her extensive experience in the Swedish asset management sector. Following Eithne McManus' end of tenure after ten years on the Countrywide Assured PLC Board, and more recently the Chesnara Life UK Board, we are delighted to confirm that following a competitive recruitment process facilitated by executive search firm Teneo, John Perks, a Non-Executive Director of Chesnara Life UK, has been appointed as Non-Executive Director of Countrywide Assured Plc, effective 19 August 2026. I would like to thank both Marek and Eithne on behalf of the Group for all of their work and support over the years.

The Sunday Times has recognised Chesnara as one of the best places to work in 2026, following a very strong set of colleague survey results, scoring above 70% for the following categories; reward and recognition, instilling pride, information sharing, empowerment, wellbeing and job satisfaction. This recognition reflects the culture that colleagues across the business help to create every day, built on the belief that when talented people are given clarity, responsibility, and trust, they are able to do their best work and deliver great outcomes for our customers.

In support of our planned move to a combined UK operating model, we completed a major consultation process with UK colleagues during the period. Following this, our UK CEO, Jackie Ronson, announced her new UK leadership team, and it was confirmed that a number of people will leave the business. I would like to thank all colleagues for their professionalism and commitment throughout the process.

Outlook

The first half of 2026 has seen continued market volatility, driven by geopolitical tensions, evolving global trade policies and broader macroeconomic uncertainty.

Against this backdrop, Chesnara's business model continues to demonstrate its resilience. We have made strong progress against the priorities set out for 2026. In the second half of the year, our focus will remain on delivering our strategic priorities. This includes continuing the integration of Chesnara Life UK, including the migration of data to our SS&C platform, and further operational integration in Scildon. We will also continue to progress the proposed acquisition of Scottish Widows Europe SA, which remains on track for completion in the coming months, subject to regulatory approval. In parallel, we will evaluate and, where appropriate, execute additional M&A opportunities and management actions.

Our disciplined acquisition approach, proven integration capability and strong capital position leave us well placed to execute transactions that are strategically aligned and accretive to shareholder value.

Steve Murray
Chief Executive Officer
24 August 2026

CHIEF FINANCIAL OFFICER'S REPORT

"The first half of 2026 represents another period of very strong financial performance for the Group, with disciplined execution driving growth across our Cash, Capital and Value measures."

TOM HOWARD, CFO

Overview

The Group has delivered another period of strong financial performance across our key performance metrics.

CASH	CAPITAL	VALUE
Operating Capital Generation **£96m** **HY25: £54m**	**Solvency Coverage Ratio** **185%** **FY25: 257%**	**AuA** **£21bn** **FY25: £15bn**
Cash Remittances **£73m** **HY25: £56m**	**Own Funds** **£976m** **FY25: £859m**	**Adjusted Operating Profit** **£31m** **HY25: £21m**

Half year dividend 8.16p per share, **up 6% year on year**

Operating Capital Generation (OCG) increased by 79% to £96m (HY25: £54m), with £51m of OCG arising in respect of acquisition related impacts, relating to Chesnara Life UK, and £12m from recurring capital optimisation actions in the wider Group. Sustained growth in OCG across the Group has also contributed to increased Cash Remittances to Group Centre of 31% compared to HY25.

The Solvency Coverage Ratio reduced by 72 ppts over the period, reflecting the completion of the Chesnara Life UK acquisition. The Group's Solvency Coverage Ratio of 185% is significantly above the Group's operating range of 140%-160% and exceeds the Group's previously disclosed pro-forma forecast of c180%.

Own Funds increased by 14% to £976m (HY25: £859m) with robust operating performance, positive investment variances and gains from the completion of the Chesnara Life UK acquisition, partly offset by integration and restructuring costs and shareholder dividends.

Capital optimisation remains an important area of focus for the Group. In H1 26, the Group extended its existing UK mass lapse reinsurance coverage to include the Chesnara Life UK portfolio, introduced LACDT within the calculation of the Chesnara Life UK solvency capital requirements and extended foreign exchange hedging arrangements.

The Group's Assets under Administration (AuA) increased by c£6bn to £21bn, reflecting the onboarding of the Chesnara Life UK AuA and the impact of positive market conditions.

Adjusted Operating Profit (AOP) increased by 46% to £31m (HY25: £21m), benefitting from robust operating experience and the incremental contribution from Chesnara Life UK. When including non-operating items, such as investment variances, UK policyholder tax fees and financing and restructuring costs, the Group's profit before tax was £61m (HY25: loss before tax of £5m). After allowing for tax, the Group generated a profit after tax of £1m (HY25: loss after tax of £11m).

IFRS Capital Base increased by 22% to £850m over H1 (FY25: £694m) supported by the growth in IFRS AOP and a significant increase in the Contractual Service Margin (CSM) to £327m (FY25: £131m) driven primarily by the acquisition of the Chesnara Life UK portfolio. This substantial growth strengthens the Group's future earnings potential and enhances the value embedded within the business.

These results compare favourably to the prior proforma guidance issued by the Group and reflect strong early performance of Chesnara Life UK under the Group's ownership.

This continued delivery against our financial and strategic objectives supports a one-off step up of 3% and a total increase in the interim dividend of 6%, to 8.16p per share. This is in line with our guidance and will be the 22nd consecutive year in which the Group has delivered increased returns to shareholders.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Business performance

UNITED KINGDOM

Own Funds increased by £331m, of which £325m relates to the acquired opening assets of Chesnara Life UK, with underlying operating performance of £26m offset by the payment of a £20m remittance to Group Centre from Chesnara Life UK. SCR increased by £215m, with £260m from the acquired Chesnara Life UK book and a reduction of £45m from capital optimisation actions in the Chesnara Life UK book. This resulted in a Solvency Coverage Ratio of 147%.

The UK delivered a strong performance in the first half of the year, generating OCG of £64m (HY25: £29m), AOP of £20m (HY25: £14m) and Cash Remittances of £43m (HY25: £45m). Performance was supported by robust operating experience and stronger new business profitability. In addition, capital optimisation actions, through the application of LACDT and the extension of existing mass lapse reinsurance coverage to the acquired portfolio, enhanced capital generation.

SWEDEN

Own Funds increased by £7m during the period (HY25: £3m increase), while the SCR increased by £6m (HY25: £4m increase), resulting in a Solvency Coverage Ratio of 140% (FY25: 142%). Growth in both Own Funds and the SCR was driven by favourable market movements, with the coverage ratio remaining broadly stable year on year. Movestic generated OCG of £3m (HY25: £8m) and AOP of 3m (HY: £5m), with robust new business performance partially offset by adverse lapse experience.

NETHERLANDS

Own Funds decreased by £4m during the period (HY25: £22m increase) as positive operating variances were offset by adverse mortality experience in Q1 26. The SCR reduced by £1m (HY25: £1m decrease), resulting in a Solvency Coverage Ratio of 239% (FY25: 234%). OCG was £7m (HY25: £15m), and Cash Remittances to Group Centre increased significantly to £30m (HY25: £7m), driven by the realisation of merger synergies following last year's integration. The business also delivered AOP of £10m (HY25: £4m) with robust operating performance, partially offset by adverse mortality experience.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Cash & Capital

Operating Capital Generation

	HY26 £m	HY25 £m
UK	64	29
Sweden	3	8
Netherlands	7	15
Group Centre	22	2
Total	**96**	**54**

OCG of £96m (HY25: £54m) reflects the Group's ability to sustainably generate sufficient operational capital to meet ongoing dividend costs and debt requirements. Of the £96m result, £51m is in respect of acquisition related impacts and capital optimisation activities in Chesnara Life UK, and £12m is from management actions in the wider Group.

In the first half of 2026, the Group extended its mass lapse reinsurance coverage to include the Chesnara Life UK portfolio, introduced LACDT in Chesnara Life UK and implemented USD foreign exchange hedging arrangements.

The UK generated £64m of OCG (HY25: £29m), driven by incremental OCG from Chesnara Life UK and the execution of the capital optimisation actions outlined above. Sweden generated £3m of OCG (HY25: £8m), a reduction relative to the prior period due largely to adverse persistency experience. OCG in the Netherlands was £7m (HY25: £15m), reflecting adverse mortality experience in Q1 26 and the benefit of positive expense assumption changes recognised in the prior year. Group Centre generated £22m of OCG (HY25: £2m), primarily driven by the introduction of USD foreign exchange hedging arrangements and increased diversification benefits following the addition of Chesnara Life UK to the Group.

Cash Remittances

	HY26 £m	HY25 £m
Cash Remittances	**73**	**56**

Cash Remittances represent cash paid from the Group's business units to Chesnara Group Centre. Cash Remittances increased by 31% to £73m (HY25: £56m) driven by incremental remittances from Chesnara Life UK and increased remittances from Scildon, supported by synergies arising from the legal merger of the Group's business units in the Netherlands in 2025.

Solvency Coverage Ratio

Solvency Coverage Ratio FY25	257%
Operating Capital Generation	73%
Non-operating Capital Generation	5%
Acquisition impacts	(147%)
Dividends	(4%)
Solvency Coverage Ratio HY26	**185%**

The Group's Solvency Coverage Ratio is 5 ppts higher than the previously disclosed pro-forma forecast of c180% and remains significantly above the upper end of our operating solvency range of 140% to 160%. Strong growth levels in OCG contributed 73 ppts to the Coverage Ratio which included the impact of management actions implemented during the period. Non-operating Capital Generation increased the Solvency Coverage Ratio by 5 ppts, driven by positive investment variances as equity markets performed strongly during the latter part of the six months, together with the release of Tier 1, Tier 2 and Tier 3 solvency tiering restrictions. These benefits were partially offset by integration and restructuring costs, primarily related to the integration of Chesnara Life UK. The Chesnara Life day 1 acquisition impacts reduced the Coverage Ratio by 147 ppts and the 2026 foreseeable dividend reduced the ratio by a further 4 ppts.

Own Funds

Own Funds at FY25	859
Operating Own Funds Generation	32
Non-operating Own Funds Generation	25
Acquisition impacts	79
Dividends	(19)
Own Funds at HY26	**976**

The Group's Own Funds increased by £117m benefitting from robust operating performance, and the acquisition impacts relating to the completion of Chesnara Life UK. Non-operating Own Funds Generation reflects the impact of positive market movements during the half year and the release of solvency tiering restrictions. These were partially offset by foreign exhange translation movements and integration and restructuring costs, primarily one-off Group Centre expenses incurred to support the integration of Chesnara Life UK and Scottish Widows Europe SA.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Value

Adjusted Operating Profit

	HY26 £m	HY25 £m
UK	20	14
Sweden	3	5
Netherlands	10	4
Group Centre	(1)	(2)
Adjusted Operating Profit	**31**	**21**
Investment variances and economic assumption changes	–	(8)
Impairment, amortisation and profit or loss on disposal	(3)	(2)
Integration and restructuring costs	(23)	(15)
Financing costs	(5)	(5)
IFRS Profit/(Loss) Before Tax attributable to shareholders' profits	**–**	**(9)**
Tax attributable to policyholders' returns	61	4
IFRS Profit/(Loss) Before Tax	**61**	**(5)**

Increased Adjusted Operating Profit (AOP) of £31m (HY25: £21m) was driven by robust operating performance and incremental AOP from the Chesnara Life UK acquisition. AOP removes the impact of investment variances and one-off project expenditure, such as M&A costs, to show a truer reflection of the Group's long-term operating performance.

More detail on the non-operating adjustments is included in the financial review section on page 22.

Leverage
Leverage[3] has reduced to 19% (FY25: 22%) following IFRS Capital Base growth from the acquired Chesnara Life UK CSM. The ratio remains comfortably below the Group's long-term ambition of 30% or less and compares favourably to pro-forma guidance of 20%.

AuA
The Group's AuA is now £21bn[4] (FY25: £15bn), reflecting the incremental AuA of £5bn from Chesnara Life UK and positive market growth over the first half of the year.

Shareholder dividends

The Group's continued strong financial delivery, alongside the completion of the Chesnara Life UK acquisition in January 2026, has supported the directors' decision to recommend a 6% increase in the interim dividend to 8.16p per share.

This is in line with the Group previous guidance and reflects a one-off step-up of 3% in the dividend growth rate relative to the prior-year increase of 3%. This will be the 22nd consecutive year that the Group has increased returns to shareholders.

Summary

The Group's disciplined focus on delivering its operational and strategic priorities has resulted in another period of very strong financial outcomes across all key metrics. The acquisitions of Chesnara Life UK and Scottish Widows Europe SA (subject to regulatory approval) are significant strategic milestones for Chesnara and are expected to add c£1bn of expected future lifetime cash flows, further enhancing the Group's long-term financial strength and flexibility.

Chief Financial Officer
24 August 2026

[3] Leverage is presented in line with the Fitch basis of calculation. For further information, please see Alternative Performance Measures in the additional information section.
[4] Includes the pro forma impact of the second Canada Life portfolio acquisition following completion of the Part VII transfer and subsequent migration by early August 2026.

MANAGEMENT REPORT

BUSINESS REVIEW UK

Following the acquisition of HSBC Life (UK) Ltd (rebranded as Chesnara Life UK) in January 2026, the UK business unit has materially increased in scale, now managing c690k policies and c£11bn AuA[1] for customers. This comprises unit-linked pension business, life insurance, savings and investments, endowments, annuities and with-profit business. The business unit generates future value through its growing onshore bond proposition, investment returns on unit-linked policies, increments to existing policies and an active acquisition pipeline.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

The UK business unit continues to focus on maximising value from the in-force portfolio through disciplined management of expenses, investment returns, reinsurance and capital requirements, supported by a robust Risk Management Framework and strong governance.

In line with its long-term strategy, the business unit has continued to deliver its Transformation programme to consolidate policy administration onto a strategic platform managed by outsource partner, SS&C Technologies (SS&C). During the first half of 2026, there has been strong progress including further migrations of the Sanlam Life and Pensions book and continued integration of Chesnara Life UK into the UK target operating model.

Just after the half year, a further important transformation milestone was achieved with the successful Part VII transfer and migration of the Canada Life closed book of Bond & Pension business, acquired by Chesnara in 2024.

The business unit has also continued to assess and implement capital management actions to support value and Cash Generation with a focus on optimising the capital profile of the enlarged UK portfolio. This has included implementing mass lapse reinsurance and allowing for capital relief through recognition of LACDT for the Chesnara Life UK business.

Customer outcomes

Delivering good customer outcomes remains a core priority for the UK business with continued focus on maintaining strong service standards, delivering competitive fund performance, ensuring fair value and providing clear communications and proactive support for vulnerable customers.

Operational and financial resilience also remain areas of continued focus across all core services as the business supports a larger policy base and progresses integration activity.

Governance

Strong governance and constructive and transparent regulatory engagement remain fundamental to delivering the UK strategy. Management continue to evolve the governance frameworks to reflect the increased scale of the UK business.

The business unit has an active sustainability programme, that includes a range of initiatives across social, operational, financial, governance and reporting workstreams, as well as supporting the Group's Climate Transition Plan published in 2025.

KPIs

Operating Capital Generation
£64m
(HY25: £29m)

Cash Remittances
£43m
(HY25: £45m)

Solvency Coverage Ratio
147%
(FY25: 130%)

Own Funds
£449m
(FY25: £118m)

AuA
£11bn[1]
(FY25: £6bn[1])

Adjusted Operating Profit
£20m
(HY25: £14m)

Note. Prior year comparatives shown in the table above relate to CA only, as the Chesnara Life UK acquisition was completed during FY26. The HY26 results include a five-month contribution from Chesnara Life UK following completion of the acquisition at the end of January 2026. The metrics above are presented on an aggregated basis, pre-diversification benefits, reflecting the combined results of CA and Chesnara Life UK, which remain as separate legal entities.

[1] *Includes the pro forma impact of the second Canada Life portfolio acquisition following completion of the Part VII transfer and subsequent migration by early August 2026.*

BUSINESS REVIEW UK (CONTINUED)

Future priorities

- Continued delivery of the Transformation programme, including the migration and integration of existing and acquired books and businesses.
- Continued identification and implementation of capital management initiatives to optimise Operating Capital Generation.
- Maintain focus on strong customer service and delivering good customer outcomes.
- Maintaining positive and constructive relationships with regulators and continued compliance with relevant regulations.
- Support and implementation of the Group's Climate Transition Plan and UK sustainability initiatives.

ACQUIRE LIFE AND PENSIONS BUSINESSES

The acquisition of Chesnara Life UK (formerly HSBC Life (UK) Ltd) represents a transformational milestone for the UK business unit, materially increasing scale and supporting future operational efficiencies and customer benefits.

The acquisition has increased the UK policy base by over 440,000 and adds a further £5bn AuA, as well as strengthening the business unit's onshore bond market share and broadening the portfolio with complementary closed-book products.

Following legal transfer of control in January 2026, activity during the first half of the year has focused on integrating the teams and preparing for the migration of data and key services to SS&C later in the year.

The UK has also continued to deliver value from previous acquisitions with a focus on embedding benefits from prior transactions and progressing the migration of acquired books in line with the wider UK Transformation programme.

Future priorities

- Integration of the Chesnara Life UK business within the UK target operating model.
- Continued development of a market leading approach to accelerated migrations leveraging AI technology and increased automation.
- Support the Group in the identification, assessment and delivery of UK acquisitions.
- Deliver strong financial outcomes from previously completed acquisitions.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

The UK has continued to generate new business profits through the on-platform onshore bond proposition. Appetite for the bond remains strong, with year-on-year volume growth supported by an attractive proposition and recent tax legislative changes that have sustained momentum in the UK tax and retirement planning environment.

The UK supports the advisor community through its dedicated Advisor Hub, providing technical information, tax tools and other useful resources. During the first half of 2026, the business unit has also continued to work with existing and new platform partners to improve customer and advisor journeys and broaden access to the proposition.

The combination of the CA and Chesnara Life UK onshore bond capabilities provides further opportunity to enhance the UK proposition, deepen advisor relationships and expand distribution. The business unit remains focused on capturing distribution synergies and supporting future growth through additional platform launches and strategic partnerships.

Future priorities

- Continue to offer and support the CA and Chesnara Life UK onshore bond propositions to customers.
- Leverage distribution synergies and strategic opportunities between the Chesnara Life UK and CA onshore bond.
- Improve digital integration with platforms for customers and advisors.
- Continue work to strengthen the advisor and customer proposition.
- Embed new platform relationships and support all platforms to increase flows into the product.

BUSINESS REVIEW SWEDEN

Movestic is a life and pensions business that remains open to new business. It offers personalised, unit-linked pension and savings solutions, alongside a range of Life & Health products. These are distributed through both broker networks and its direct channel. Movestic also provides a custodian product via several private banks and is well regarded across all client segments.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

Continued strong activity in the market, supported by new and enhanced offerings across all distribution channels, along with a focus on expanding our partner ecosystem, drove higher sales compared to budget. This performance reflects the benefits of greater diversification across both business areas and channels.

Positive equity markets, a strengthened USD against SEK and strong inflows increased Movestic's AuA over the first half of 2026 by c£750m. Net Client Cash Flow within the pension and savings area amounted to a positive £380m, mainly driven by the net inflow within the custodian business. However, transfer activity within the brokered occupational pensions market remains elevated and has resulted in adverse persistency experience during the first half of the year, reducing OCG and AOP compared with the prior period.

Customer outcomes

Movestic remains committed to delivering positive customer outcomes through fair treatment, transparent communication, and products designed to meet customers' increasing demand for individually tailored solutions within savings and insurance.

During the first half of 2026, Movestic has continued to enhance its products and services. The 'Movestic Freedom' concept, which supports customers in planning their retirement, has gained further momentum and strong adoption. A new self-service functionality has also been launched across Movestic's customer and partner portals, thereby increasing flexibility, accessibility, and customer choice. These services are highly valued by both customers and distribution partners.

The Life & Health offering has been further strengthened through the launch of a new health insurance product, combining preventive care with rapid access to specialist treatment and a seamless care pathway. Developed in partnership, the product forms part of the Company's health concept, 'Movestic Well-being'.

'Pension Lab', a digital tool launched on the Movestic website in late 2025, continues to attract strong user engagement. The tool enables users to take control of their pension planning through intuitive visualisations, illustrating how different choices can impact future retirement income.

A recent brand survey indicates increased awareness of the Movestic brand, particularly within the core customer segment.

Governance

Movestic's sustainability programme supports the Group's strategy and commitments, providing a framework for its sustainability initiatives, targets and reporting. The Company's operations are included in the Chesnara Group's Climate Transition Plan, which supports the Group's ambition to achieve net-zero emissions by 2050. Movestic is outside the scope of the Corporate Sustainability Reporting Directive (CSRD), as it meets the threshold criteria for a small and medium-sized enterprise (SME). The Company continues to monitor regulatory developments, including the EU Omnibus proposal and its potential implications for sustainability reporting and related regulations.

The Digital Operational Resilience Act (DORA) came into force in 2025. Movestic has implemented the necessary measures to comply with the requirements and continues to embed the regulation into its day-to-day operations and governance framework.

The revised Solvency II framework is expected to be implemented into Swedish law by 30 January 2027. The amendments will introduce updated requirements relating to capital management, risk management and governance. Alongside the revised Solvency II framework, the Insurance Recovery and Resolution Directive (IRRD) will also be implemented, harmonising recovery and resolution frameworks across the European Union and strengthening insurers' preparedness for periods of significant financial distress.

KPIs

Operating Capital Generation
£3m
(HY25: £8m)

Cash Remittances
£5m[1]
(HY25: £4m)

Solvency Coverage Ratio
140%
(FY25: 142%)

Own Funds
£208m
(FY25: £201m)

AuA
£7bn
(FY25: £7bn)

Adjusted Operating Profit
£3m
(HY25: £5m)

[1] *Movestic's Cash Remittance was paid in July 2026.*

BUSINESS REVIEW SWEDEN (CONTINUED)

New EU-harmonised Anti-Money Laundering (AML) regulations are expected to be implemented into Swedish law by 10 July 2027. Movestic continues to monitor developments and assess the impact of the new requirements on its operations and control environment.

The Artificial Intelligence Act (AI Act) will largely apply from 2 August 2026, when most provisions come into force. The Act establishes a framework for the responsible use of AI, with implications for areas such as customer interactions, underwriting, pricing and claims handling. Certain requirements will be phased in later: obligations for standalone high-risk AI systems will apply from 2 December 2027, and for high-risk AI embedded in regulated products from 2 August 2028. Movestic has incorporated relevant requirements into its governance framework, which is updated in line with the implementation timeline.

The OECD Pillar Two Global Minimum Tax framework is designed to reduce incentives for multinational enterprises to shift profits to low-tax jurisdictions. Based on current guidance from HM Revenue & Customs, Chesnara Group has not met the applicable revenue threshold and, consequently, neither has Movestic. The Company continues to monitor developments in this area, as the framework remains subject to further guidance, refinement and international alignment.

Future priorities

- Continue building long-term sustainable value for customers and stakeholders through a diversified business model and an expanding ecosystem of partners.
- Offer modern and individually adapted high-quality solutions within pension, savings and health insurance, and expand the area of customer focused digital services.
- Maintain a continued focus on an efficient platform and operational processes, leveraging AI solutions to increase automation, streamline workflows, and improve administrative efficiency.
- Support the Group's Climate Transition Plan commitments by embedding the work into everyday operations.
- Drive automation and process improvements to increase scale and reduce cost per policy, including further scaling the company's AI capabilities.
- Monitor developments in the regulatory landscape.

ACQUIRE LIFE AND PENSIONS BUSINESSES

Movestic together with the Group team is continuously engaging with other market participants and investment bank advisors in order to understand and assess potential opportunities for non-organic growth in the market.

Future priorities

- Seek out opportunities to bring in additional scale through non-organic growth.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Movestic continued to expand and further develop its custodian distribution network. The pipeline for new partnerships remains strong, while relationships with existing partners have deepened, enabling broader offerings and increased cross-selling opportunities. A new custodian partnership was launched in H1 2026; further implementations across key distribution channels are progressing well. In late Q2, Movestic, together with a digital investment platform, launched a new occupational pension product targeting the mass-market execution-only segment. New-sales market share for the custodian business was 15% on a rolling 12-month basis.

In unit-linked business, Movestic has maintained a strong presence among brokers during 2026, supported by new offerings launched in 2025 and several initiatives carried out during H1. Broadening distribution and customer offerings also remain a key focus, with new and expanded partnerships playing an important role, including leveraging cross-selling opportunities.

To support continued new business growth, enhanced functionality has been introduced in the company's digital tools on broker and partner platforms, simplifying administrative processes related to the transfer of policies and capital.

These activities helped to deliver positive Net Client Cash Flows of £380m and New Business Contribution of £2m over HY26 (HY25: £1m).

The Life & Health business continues to strengthen through new product offerings and enhanced technical integrations. Deeper partner collaborations are supporting increased cross-selling between savings and health insurance products. In addition, a new partnership with a Norwegian pension provider for the distribution of risk insurance products has supported growth during the first half of the year. This collaboration marks Movestic's entry into the Norwegian market and reinforces its strategic focus on Life & Health.

Future priorities

- Continue building customer value and loyalty through further enhancement of the product offering, consisting of individually adapted pension and savings and Life & Health products, and associated digital services. Focus on both growing new business and retention activities.
- Continue expanding the partner ecosystem by onboarding new partners and strengthening relationships with existing ones to deliver a comprehensive wealth and health insurance solution while driving business growth.
- Further develop the Life & Health insurance business to broaden business model diversification and offer customers a comprehensive range of products and services. The newly launched partnership for distributing Life & Health products in the Norwegian market is also expected to further support growth in 2026.

BUSINESS REVIEW NETHERLANDS

Scildon is a Netherlands-based life insurance provider specialising in individual life and investment-linked products, with a focus on delivering long-term financial security to customers.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

The legal entity merger of Scildon and the Waard Group, which completed in 2025, has continued positively, with progression made in the integration of workstreams, with a focus on maximising efficiencies such as streamlining operations and simplifying processes.

As part of its strategic shift towards individual life solutions, with financial advisors as the primary distribution channel, Scildon has decided to discontinue its proxy with Dazure, preventing market competition within their own portfolio of offerings.

Customer outcomes

Scildon's customer satisfaction has continued to improve, with the Net Promoter Score increasing from +30 to +34 and the average customer rating reaching a record high. The results reflect customers' appreciation of Scildon's clear and timely communication, personal service, solution-oriented approach and prompt claims and policy-related payments. Nearly half of customer enquiries were resolved in a single interaction, highlighting the strength of Scildon's accessible and personal service model. Areas for further improvement include enhancing the speed and simplicity of the term life insurance onboarding process, particularly where medical underwriting is required, and continuing to improve the timeliness and clarity of customer communications.

Governance

The business remains materially compliant with the EU Digital Operational Resilience Act (DORA) and continues to embed resilience practices into daily operations. Although Scildon falls outside the scope of mandatory Corporate Sustainability Reporting Directive (CSRD) reporting following the EU Omnibus proposals, we continue to monitor developments and adopt best practices where relevant.

Future priorities

- The focus for the remainder of the year will be on realising synergies resulting from the merger, further embedding a unified culture and streamlining and simplifying the organisational structure. Key integration milestones include alignment of IT and financial systems.
- Complete an ALM study to optimise investment returns while aligning with the competitiveness of pricing strategies.
- Ensure customers continue to receive high-quality service.
- Support and implement the Climate Transition Plan.

KPIs

Operating Capital Generation
£7m
(HY25: £15m)

Cash Remittances
£30m
(HY25: £7m)

Solvency Coverage Ratio
239%
(FY25: 234%)

Own Funds
£228m
(FY25: £232m)

AuA
£3bn
(FY25: £3bn)

Adjusted Operating Profit
£10m
(HY25: £4m)

BUSINESS REVIEW NETHERLANDS (CONTINUED)

ACQUIRE LIFE AND PENSIONS BUSINESSES

Scildon has continued to support the Group's acquisition strategy by assessing M&A opportunities and processes, including due diligence activity, as appropriate.

Future priorities

- Acquire targeted M&A opportunities in the Dutch market in close collaboration with Chesnara, aligned with Group strategy and capital discipline.
- Focus on acquisitions that enhance Scildon's scale, strengthen the product mix and create long-term value.
- Leverage Chesnara's expertise and financial capacity to pursue selective consolidation opportunities in the life insurance sector.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Scildon has continued to generate new business profits despite competitive conditions in the Dutch insurance and mortgage markets. Targeted commercial activity has supported investment-linked inflows during the year, contributing to a New Business Contribution of £3m (HY25: £3m).

Recent campaigns and distribution initiatives are helping to strengthen customer inflows and deepen relationships with financial advisors. Investment products are benefitting from targeted commercial actions and partnerships, while the 'Always on' campaign keeps attention on term life insurance and supports the broader strategic focus on individual life solutions. Although some markets remain competitive and price sensitive, Scildon continues to manage new business selectively, prioritising value, margin discipline and sustainable growth over volume.

Scildon's Lifestyle term life proposition continues to be well recognised by advisors, ranking third in the Life category of the IG&H Performance Monitor. This reflects the strength of its hybrid service model, which combines digital and automated processing alongside accessible expert support where tailored advice or underwriting is required.

Future priorities

- Streamline and simplify the product portfolio and focus on profitable growth.
- Ongoing competitor assessment to ensure pricing and distribution remain competitive.
- Complete the ALM study to optimise investment returns while aligning with the competitiveness of our pricing strategies.
- Complete the assessment of the future IT landscapes, including opportunities to deploy AI enabled capabilities.

FINANCIAL REVIEW SOLVENCY II

The Group's Solvency Coverage Ratio of 185% is significantly above our targeted operating range of 140% to 160%.

185%

GROUP SOLVENCY

Solvency position

	HY26 £m	FY25 £m
Own Funds	976	859
SCR	527	334
Surplus	449	525
Solvency Coverage Ratio %	**185%**	**257%**

Solvency coverage movement

FY25 Solvency Coverage Ratio	**257%**
Operating Capital Generation	73%
Non-operating Capital Generation	5%
Acquisition impacts	(147%)
Dividends	(4%)
HY26 Solvency Coverage Ratio	**185%**

Group Solvency II surplus is £449m (FY25: £525m) with a Solvency Coverage Ratio of 185% (FY25: 257%), which includes the impact of the proposed 2026 interim shareholder dividend of £19m.

The movement in Own Funds primarily reflects the acquisition of Chesnara Life UK, partially offset by the consideration paid to complete the transaction and the foreseeable interim dividend noted above. Own Funds also benefitted from favourable economic conditions, positive operational performance variances, and the release of solvency tiering restrictions (£45m). The increase in SCR during the first half of 2026 was mainly driven by the acquisition of Chesnara Life UK, partially offset with the impact of capital management actions implemented during the period, namely the introduction of LACDT and mass lapse reinsurance in Chesnara Life UK and USD foreign exchange hedging.

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

Buffers refer to additional capital that management has set to hold over and above the solvency requirements imposed by our regulators.

FINANCIAL REVIEW SOLVENCY II (CONTINUED)

UK

Countrywide Assured plc

	HY26 £m	FY25 £m
Own Funds (post dividend)	132	118
SCR	95	91
Buffer	19	18
Surplus	18	9
Solvency Coverage Ratio %	**139%**	**130%**

The £9m increase in surplus reflects growth in Own Funds outweighing the increase in SCR during the first half of 2026. 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 during the period. Overall, the Solvency Coverage Ratio has increased by 9 ppts to 139%.

Chesnara Life UK

	HY26 £m	Opening position[1] £m
Own Funds (post dividend)	317	325
SCR	211	260
Buffer	59	62
Surplus	46	3
Solvency Coverage Ratio %	**150%**	**125%**

Chesnara Life UK Own Funds reduced by £8m over the five-month period post-acquisition, reflecting the payment of a £20m Cash Remittance to Group Centre. Excluding this remittance, Own Funds increased by £12m, driven by positive market movements. The SCR has reduced by £49m, largely attributable to the execution of capital management actions, namely mass lapse reinsurance and introducing LACDT.

SWEDEN

	HY26 £m	FY25 £m
Own Funds (post dividend)	208	201
SCR	148	142
Buffer	30	28
Surplus	30	31
Solvency Coverage Ratio %	**140%**	**142%**

The £1m decrease in surplus reflects an increase in SCR, arising from market movements and the associated movement in the symmetric adjustment. Given the increase in SCR is proportionally more than the increase in Own Funds, the Solvency Coverage Ratio has decreased by 2 ppts to 140% (FY25: 142%).

NETHERLANDS

	HY26 £m	FY25 £m
Own Funds (post dividend)	228	232
SCR	95	99
Buffer	71	74
Surplus	62	59
Solvency Coverage Ratio %	**239%**	**234%**

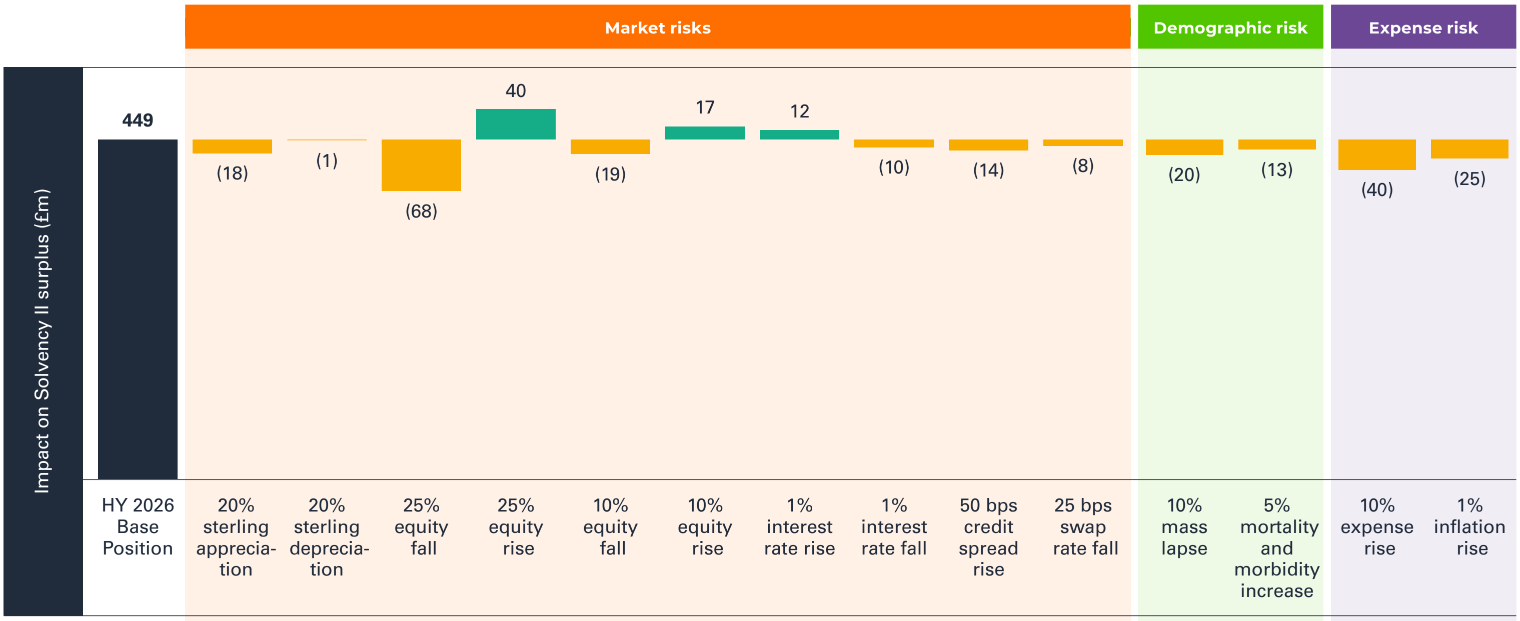
Scildon's Solvency II surplus increased by £3m, with Own Funds growth from positive operating experience offset in part by adverse mortality impacts. Capital requirements decreased by £4m and the overall Solvency Coverage Ratio increased by 5 ppts to 239%.

[1]*As at 31 January 2026*

FINANCIAL REVIEW SOLVENCY II SENSITIVITIES

Below is a summary of the Solvency II sensitivities outcomes based on the HY26 financial position. There are some changes in the sensitivities that are worthy of note when compared to those observed from FY25. In particular:

- The sensitivities now include Chesnara Life UK. This has changed the base solvency position, including the release of previous Tier 2/3 and RT1 restrictions. The main impacts are seen in the foreign exchange, equity and mass lapse stresses.
- The Group's foreign exchange hedging programme has been refreshed since year end and updated to reflect the enlarged Group following the acquisition of Chesnara Life UK.



	HY 2026 Base Position	20% sterling appreciation	20% sterling depreciation	25% equity fall	25% equity rise	10% equity fall	10% equity rise	1% interest rate rise	1% interest rate fall	50 bps credit spread rise	25 bps swap rate fall	10% mass lapse	5% mortality and morbidity increase	10% expense rise	1% inflation rise
Impact on Solvency Coverage Ratio %	**185%**	+8 ppts	-9 ppts	+16 ppts	-1 ppts	+9 ppts	-1 ppts	+4 ppts	-5 ppts	-2 ppts	-2 ppts	+1 ppts	-8 ppts	-5 ppts	-3 ppts

Foreign exchange

Foreign exchange movements affect the value of the Group's overseas surplus. The Group manages foreign exchange exposure through an active hedging programme. The impact on the solvency ratio is limited, as movements in Own Funds are broadly offset by movements in SCR.

Equity values

Equity market movements affect the value of Assets under Administration and therefore Own Funds, with partly offsetting movements in the SCR driven largely by the impact of the Solvency II Standard Formula Symmetric Adjustment. Whilst the Group's exposure to equity markets has increased following the acquisition of Chesnara Life UK, the balance sheet remains resilient to material movements in equity valuations.

Interest rates

An increase in interest rates reduces both assets and liabilities, with liabilities reducing by more than assets due to their longer duration, resulting in an increase in surplus. Conversely, a fall in interest rates increases both assets and liabilities, with liabilities increasing by more than assets, reducing surplus. The solvency ratio moves in a similar direction, reflecting the greater sensitivity of liabilities to interest rate changes.

Credit spreads

Higher credit spreads reduce the Group's Solvency Coverage Ratio as a reduction in the creditworthiness of the Group's bond portfolio would drive a reduction in the value of Own Funds.

Swap rates

A reduction in the swap discount rate profile reduces the Group's surplus by increasing the time-value of the projected future liabilities associated with the in-force book.

Mass lapse

A mass lapse event reduces the value of future profits expected from the in-force book and so reduces Own Funds. This impact is largely offset by a reduction in SCR leading to a limited impact on the Group's Solvency Coverage Ratio.

Inflation and expenses

A permanent increase in inflation and expenses increases the projected future expense profile of the Group, reducing Own Funds and surplus. The inclusion of Chesnara Life UK has slightly increased the sensitivity of the Group's Solvency Coverage Ratio to this stress.

Mortality and morbidity

An increase in mortality and morbidity rates reduces projected future profits from the in-force book, resulting in lower Own Funds and surplus. The inclusion of additional mortality and morbidity risks from the Chesnara Life UK portfolio has slightly increased the sensitivity of the Group's Solvency Coverage Ratio to this stress.

FINANCIAL REVIEW OPERATING CAPITAL GENERATION

HY26: £96M HY25: £54M

OPERATING CAPITAL GENERATION

(i) Operating Capital Generation by business unit

Business unit	HY26 £m	HY25 £m
UK	64	29
Sweden	3	8
Netherlands	7	15
Group Centre	22	2
Operating Capital Generation	**96**	**54**

Operating Capital Generation was £96m (HY25: £54m), comprising £33m of surplus emergence and £51m of acquisition-related OCG arising from Chesnara Life UK. This acquisition-related OCG reflects the benefit of implementing mass lapse reinsurance, allowing for LACDT and diversification benefits associated with the acquired SCR. The remaining £12m arose from capital optimisation actions across the wider Group.

The surplus emergence of £33m was primarily driven by expected investment returns of £32m, along with £4m from new business, £2m from assumption changes and £3m from smaller contributions from other operating variances. This was partly offset by £7m from adverse experience variances, relating to transfers in Movestic and mortality in Scildon, as well as an increase in provisions in Chesnara Life UK for protection business following a refinement to the methodology used to estimate future claims liabilities.

(ii) Solvency II surplus movement for the period ended 30 June 2026

	31 December 2025 £m	Operating Capital Generation £m	Non-Operating Capital Generation £m	Dividends £m	T1/T2/T3 restrictions £m	Acquisitions £m	30 June 2026 £m
Own Funds	859	32	(20)	(19)	45	79	976
SCR	(334)	64	3	–	–	(260)	(527)
Surplus	**525**	**96**	**(17)**	**(19)**	**45**	**(182)**	**449**

(iii) Solvency II surplus movement for the period ended 30 June 2025

	31 December 2024 £m	Operating Capital Generation £m	Non-Operating Capital Generation £m	Dividends £m	T1/T2/T3 restrictions £m	Acquisitions £m	30 June 2025 £m
Own Funds	643	37	(27)	(13)	(7)	–	632
SCR	(316)	17	(7)	–	–	–	(306)
Surplus	**327**	**54**	**(34)**	**(13)**	**(7)**	**–**	**326**

FINANCIAL REVIEW ADJUSTED OPERATING PROFIT

£31M HY25: £21M

ADJUSTED OPERATING PROFIT

(iv) Reconciliation of IFRS Profit Before Tax to Adjusted Operating Profit for the six months ending 30 June 2026

	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	Total £m
Profit/(loss) before tax and consolidation adjustments	**80**	**1**	**5**	**(25)**	**61**
Tax attributable to policyholders' returns	(61)	–	–	–	(61)
Profit/(loss) before tax attributable to shareholders' profits	**19**	**1**	**5**	**(25)**	**–**
Investment variances and economic assumption changes	(3)	–	3	–	–
Impairment, amortisation and profit or loss on disposal	3	–	–	–	3
Integration and restructuring costs	1	2	1	19	23
Financing costs	–	–	–	5	5
Adjusted Operating Profit/(loss) before tax attributable to shareholders' profits	**20**	**3**	**10**	**(1)**	**31**

Adjusted Operating Profit was £31m (HY25: £21m), reflecting robust operating experience within the Group's insurance-classified portfolios, together with an incremental contribution from Chesnara Life UK.

Profit Before Tax (PBT) of £61m was adjusted to reflect the following items: £23m for integration and restructuring costs, including those associated with the Chesnara Life UK acquisition and M&A activities; £(61)m attributable to policyholder tax; £5m in central finance costs and £3m related to impairment, amortisation, and disposals of acquired value of in-force business (AVIF). The application of these adjustments resulted in Adjusted Operating Profit of £31m.

(v) Reconciliation of IFRS Profit Before Tax to Adjusted Operating Profit for the six months ending 30 June 2025

	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	Total £m
Profit/(loss) before tax and consolidation adjustments	**9**	**2**	**12**	**(28)**	**(5)**
Tax attributable to policyholders' returns	(4)	–	–	–	(4)
Profit/(loss) before tax attributable to shareholders' profits	**5**	**2**	**12**	**(28)**	**(9)**
Investment variances and economic assumption changes	7	1	(8)	8	8
Impairment, amortisation and profit or loss on disposal	1	1	–	–	2
Integration and restructuring costs	–	2	1	12	15
Financing costs	–	–	–	5	5
Adjusted Operating Profit/(loss) before tax attributable to shareholders' profits	**13**	**6**	**5**	**(3)**	**21**

FINANCIAL REVIEW IFRS INCOME STATEMENT

£61M HY25: £(5)M
IFRS PRE-TAX PROFIT

£0.3M HY25: £2M
TOTAL COMPREHENSIVE INCOME

Analysis of IFRS result	HY26 £m	HY25 £m
Net insurance service result	**67**	**2**
Net investment result	**28**	**16**
Fee, commission & other operating income	79	60
Other operating expenses	(108)	(78)
Financing costs	(6)	(5)
Profit/(Loss) before income taxes	**61**	**(5)**
Income tax charge	(60)	(6)
Profit/(Loss) for the period after tax	**1**	**(11)**
Foreign exchange gain	–	12
Other comprehensive income	–	1
Total comprehensive income	**–**	**2**
Movement in IFRS Capital Base		
Opening IFRS Capital Base	**694**	**449**
Movement in CSM (net of reinsurance and tax)	196	13
Total comprehensive income	–	2
Other adjustments made directly to shareholders' equity	–	1
Dividend and RT1 coupon payment	(40)	(24)
Closing IFRS Capital Base	**850**	**441**

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 £67m is attributable to the following elements:

- gains from the release of risk adjustment and CSM of £25m (six months to 30 June 2025: £12m). These gains represent a consistent source of future profits for the Group.
- gains of £42m (six months to 30 June 2025: £10m loss), primarily reflecting net favourable experience variances across the Group's insurance portfolios.

Net investment result

The net investment result comprises the investment return earned on all assets, including interest income, dividends and market value movements, together with the corresponding financial impacts of changes in insurance and investment contract liabilities. The result therefore reflects both investment performance and the effect of market and economic conditions.

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 2026 was £79m (six months to 30 June 2025: £60m) and was £47m net of Swedish policyholder yield tax (six months to 30 June 2025: £37m).

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. One-off costs are higher in HY26 compared to the prior period, due to M&A related advisory and integration costs of the Chesnara Life UK and Scottish Widows Europe SA business.

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 2026 are £81m (six months to 30 June 2025: £60m).

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

Profit arising on business combinations and portfolio acquisitions
Following completion of the Chesnara Life UK acquisition in January 2026, the excess of consideration over the fair value of acquired net assets was recognised as goodwill on the balance sheet. This reflects the future economic benefits expected from the transaction and resulted in no day-one income statement impact.

Foreign exchange
The IFRS consolidated result of the Group reflects a foreign exchange loss of £0.2m in the period, representing a small adverse impact from foreign exchange movements. The immaterial impact reflects the implementation of hedge accounting, which has reduced volatility arising from foreign exchange movements.

Other comprehensive income
This represents the impact of movements in the valuation of land and buildings held in our Dutch business unit.

Income tax
Income tax consists of both current and deferred taxes.

The total IFRS tax charge of £60m mainly represents UK policyholder tax that is reflective of positive investment growth in the period (leading to an increase in deferred tax liabilities).

FINANCIAL REVIEW IFRS BALANCE SHEET

	£m		£m
FY25 CSM (gross of tax)	**170**	**FY24 CSM (gross of tax)**	**176**
Interest accreted	3		2
New business	10		3
Acquisition impacts	237		7
Experience and assumption changes	(1)		10
CSM release	(23)		(11)
Foreign exchange impact	(2)		5
HY26 CSM (gross of tax)	**394**	**HY25 CSM (gross of tax)**	**192**

The CSM represents future profits that are expected to be released to the income statement over the lifetime of the insurance business portfolio. The CSM (net of reinsurance and gross of tax) increased by £224m during the first half of 2026, from £170m to £394m.

Excluding the impact of the Chesnara Life UK acquisition, underlying CSM release was broadly in line with expectations at £8m, reflecting the expected emergence of future profits from the in-force portfolio. Including the contribution from Chesnara Life UK, total CSM release was £23m. During the period, CSM increased by £10m from new business written and by £3m from interest accretion, partially offset by a £2m adverse foreign exchange impact and a £1m reduction driven by adverse experience and assumption changes.

The acquisition of Chesnara Life UK was the primary driver of the increase in CSM during the period, reflecting an increased store of future profit within the acquired portfolio. The acquisition increase in CSM arises from the measurement of the acquired insurance contracts at the acquisition date and is recognised separately from any goodwill recorded on acquisition. While both the CSM and any goodwill recognised arise as part of the acquisition accounting assessment and reflect value acquired through the transaction, they are recognised and measured separately.

Leverage

The IFRS leverage of 19.1% ratio reduced by 3.3 ppts (FY25: 22.4%), driven primarily by the increase to IFRS net equity and CSM following the completion of the acquisition of Chesnara Life UK in January 2026.

Assets Under Administration (AuA)

	HY26 £bn	FY25 £bn
UK[1]	11	6
Sweden	7	7
Netherlands	3	3
Total	**21**	**15**

Please note that the values above have been rounded to the nearest whole number.

The Group's AuA as at HY26 was £21bn following the inclusion of Chesnara Life UK.

[1]Includes the pro forma impact of the second Canada Life portfolio acquisition following completion of the Part VII transfer and subsequent migration by early August 2026.

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 2025 Annual Report and Accounts, published in March 2026.

Current risk environment

On a regular basis the 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 through impact on supply chains leading to increase market volatility.
- Macro-economic volatility remains a prominent risk for the Group, with inflation driven expense risk and future market risk exposures being the areas with the 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 2025 Annual Report and Accounts.

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 International Accounting Standard 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, namely disclosure of material transactions with related parties in the first six months of the year and any changes in the related party transactions described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of the Group in the first six months of the year.

By order of the Board

Luke Savage
Chair
24 August 2026

Steve Murray
Chief Executive Officer
24 August 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited six months ended 30 Jun 2026 £m	Unaudited six months ended 30 Jun 2025 £m	Year ended 31 Dec 2025 £m
Insurance revenue		255.9	136.0	227.0
Insurance service expense		(176.1)	(136.7)	(208.1)
Net expenses from reinsurance contracts held		(12.2)	3.0	3.0
Insurance service result	**7**	**67.6**	**2.3**	**21.9**
Net investment return		1,232.9	(21.4)	649.2
Net finance expenses from insurance contracts issued		(432.9)	(18.4)	(205.6)
Net finance income from reinsurance contracts held		5.1	4.6	14.2
Net change in investment contract liabilities		(497.3)	46.5	(345.2)
Change in liabilities relating to policyholders' funds held by the Group		(279.8)	5.1	(62.4)
Net investment result	**8**	**28.0**	**16.4**	**50.2**
Fee, commission and other operating income		79.3	60.1	114.2
Total revenue net of investment result		**174.9**	**78.8**	**186.3**
Other operating expenses		(108.1)	(77.9)	(156.1)
Total income less expenses		**66.8**	**0.9**	**30.2**
Financing costs		(5.8)	(5.5)	(11.4)
Profit/(loss) before income taxes	**5**	**61.0**	**(4.6)**	**18.8**
Income tax expense		(60.4)	(6.2)	(29.2)
Profit/(loss) for the period	**5**	**0.6**	**(10.8)**	**(10.4)**
Items that may be reclassified subsequently to profit and loss:				
Foreign exchange translation differences arising on the revaluation of foreign operations		(0.2)	12.0	20.5
Revaluation of pension obligations after tax		(0.1)	0.7	2.1
Other comprehensive income/(expense) for the period, net of tax		**(0.3)**	**12.7**	**22.6**
Total comprehensive income/(expense) for the period		**0.3**	**1.9**	**12.2**
Basic earnings per share (based on profit or loss for the period)	**3**	0.22p	(7.14)p	(5.05)p
Diluted earnings per share (based on profit or loss for the period)	**3**	0.22p	(7.02)p	(5.05)p

The Notes and information on pages 33 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 30 Jun 2026 £m	Unaudited as at 30 Jun 2025 £m	As at 31 Dec 2025 £m
Assets				
Intangible assets		158.7	88.7	89.4
Property and equipment		7.4	8.1	7.6
Investment properties		89.7	94.0	91.0
Deferred tax assets		35.2	37.8	31.8
Insurance contract assets	**12**	27.3	–	–
Reinsurance contract assets	**12**	329.3	162.8	168.0
Amounts deposited with reinsurers		35.7	34.1	35.0
Financial investments	**10**	19,815.0	12,859.5	13,948.2
Derivative financial instruments		0.3	0.6	0.9
Other assets		94.8	53.5	58.8
Cash and cash equivalents		410.7	170.2	145.3
Total assets	**5**	**21,004.1**	**13,509.3**	**14,576.0**
Liabilities				
Insurance contract liabilities	**12**	8,344.9	4,113.6	3,940.7
Reinsurance contract liabilities	**12**	40.7	12.9	10.5
Other provisions		22.8	24.2	21.7
Investment contracts at fair value through profit or loss		8,109.8	6,143.7	6,717.0
Liabilities relating to policyholders' funds held by the Group		3,464.9	2,568.8	2,938.5
Lease contract liabilities		1.2	1.9	1.7
Borrowings	**13**	202.5	203.8	203.0
Derivative financial instruments		–	8.8	0.1
Deferred tax liabilities		139.1	28.2	48.3
Deferred income		1.0	1.2	1.1
Other current liabilities		153.1	108.1	129.5
Bank overdrafts		0.5	0.8	0.6
Total liabilities	**5**	**20,480.5**	**13,216.0**	**14,012.7**
Net assets		**523.6**	**293.3**	**563.3**
Shareholders' equity				
Share capital		11.5	7.5	11.5
Share premium		270.9	142.5	270.9
Merger reserve		36.3	36.3	36.3
Tier 1 Notes		147.8	–	147.8
Treasury shares		(0.5)	–	(1.0)
Other reserves		13.9	4.3	14.2
Retained earnings	**4**	43.7	102.7	83.6
Total shareholders' equity		**523.6**	**293.3**	**563.3**

The Notes and information on pages 33 to 56 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 24 August 2026 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 2026 £m	Restated Six months ended 30 Jun 2025 £m
Profit/(loss) for the period	**0.6**	**(10.8)**
Adjustments for:		
Depreciation of property and equipment	0.5	0.4
Depreciation on right-of-use assets	0.3	0.3
Amortisation of intangible assets	7.9	9.7
Share-based payment	–	1.0
Tax expense	60.4	6.2
Interest receivable	(19.0)	(8.6)
Dividends receivable	(17.4)	(10.1)
Interest expense	5.8	5.3
Fair value gains on financial assets and investment properties	(1,232.8)	(27.9)
Increase in intangible assets related to investment contracts	(6.2)	(5.5)
Adjustment total	**(1,200.5)**	**(29.2)**
Interest received	10.2	7.6
Dividends received	17.3	9.2
Changes in operating assets and liabilities:		
Increase in financial assets and investment properties	(77.7)	(305.9)
Decrease in net reinsurers contract assets	12.5	3.8
(Increase)/decrease in amounts deposited with reinsurers	(0.6)	0.2
Decrease in other assets	57.3	39.7
Increase/(decrease) in net insurance contract liabilities	422.5	(88.4)
Increase in investment contract liabilities	1,173.2	467.8
(Decrease)/increase in provisions	(0.3)	3.5
Decrease in other current liabilities	(19.9)	(35.5)
Cash generated by operations	**394.6**	**62.0**
Income tax paid	(35.3)	(0.7)
Net cash generated from operating activities	**359.3**	**61.3**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(53.2)	–
Net proceeds/(purchases) of property and equipment	1.2	(0.5)
Net cash utilised by investing activities	**(52.0)**	**(0.5)**
Cash flows from financing activities		
Sale of treasury shares	0.5	–
Payment of the Tier 1 Notes' coupon	(6.4)	–
Repayment of borrowings	(0.7)	(0.9)
Repayment of lease liabilities	(0.2)	(0.2)
Dividends paid	(34.1)	(24.3)
Interest paid	(0.1)	(5.3)
Net cash utilised by financing activities	**(41.0)**	**(30.7)**
Net increase in cash and cash equivalents	**266.3**	**30.1**
Net cash and cash equivalents at beginning of period	144.7	137.2
Effect of exchange rate changes on net cash and cash equivalents	(0.8)	2.1
Net cash and cash equivalents at end of the period	**410.2**	**169.4**

In accordance with IAS 7 Statement of Cash Flows, the net cash outflow arising from obtaining control of Chesnara Life UK (comprising the cash consideration paid less the cash and cash equivalents acquired) is presented as a single line within 'Acquisition of subsidiary, net of cash acquired'. Subsequent cash flows of Chesnara Life UK from the date of acquisition are consolidated within the relevant operating, investing and financing activities across the statement of cash flows.

The Notes and information on pages 33 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited – six months ended 30 June 2026	Share capital £m	Share premium £m	Merger reserve £m	Tier 1 Notes £m	Treasury shares £m	Other reserves £m	Retained earnings £m	Total £m
Equity shareholders' funds at 1 January 2026	**11.5**	**270.9**	**36.3**	**147.8**	**(1.0)**	**14.2**	**83.6**	**563.3**
Profit for the period	–	–	–	–	–	–	0.6	0.6
Foreign exchange translation differences	–	–	–	–	–	(0.2)	–	(0.2)
Other items of comprehensive income	–	–	–	–	–	(0.1)	–	(0.1)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**0.6**	**0.3**
Dividends paid	–	–	–	–	–	–	(34.1)	(34.1)
RT1 coupon payments	–	–	–	–	–	–	(6.4)	(6.4)
Share-based payment	–	–	–	–	0.5	–	–	0.5
Equity shareholders' funds at 30 June 2026	**11.5**	**270.9**	**36.3**	**147.8**	**(0.5)**	**13.9**	**43.7**	**523.6**

Unaudited – six months ended 30 June 2025	Share capital £m	Share premium £m	Merger reserve £m	Tier 1 Notes £m	Treasury shares £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 period	–	–	–	–	–	–	(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**	**142.5**	**36.3**	**–**	**–**	**4.3**	**102.7**	**293.3**

The Notes and information on pages 33 to 56 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 Guidance and Transparency Rules of the Financial Conduct Authority, this condensed set of consolidated financial statements has been prepared applying the accounting policies, presentation and methods of computation used in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2025, unless otherwise stated.

The significant judgements and estimates applied in preparing 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 2025, except where updated to reflect events and transactions during the period.

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 2025 have been extracted from the Company's statutory accounts for that year, which are included in the Group's 2025 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.

These condensed consolidated interim financial statements should be read in conjunction with the Group's 2025 Annual Report and Accounts, the CEO Review, CFO Report and Financial Review (including OCG and IFRS AOP), and Note 12 – Subsequent events. Further details of significant events and transactions during the period, including the completion and first-time consolidation of Chesnara Life UK, the proposed acquisition of Scottish Widows Europe SA, and related integration and restructuring activity, are provided in the relevant notes to these financial statements and update the information previously disclosed in the 2025 Annual Report and Accounts where applicable

Significant transactions and other items affecting the Group's financial position and performance during the period are described in the relevant sections of this interim report and the accompanying notes to the financial statements

Certain disclosures required by IAS 34 are incorporated by cross-reference to other sections of this interim report, which are available to users of the financial statements on the same terms and at the same time, and are presented on a financial year-to-date basis where applicable.

The Group's operations are not subject to material seasonality or cyclicality during the financial year.

Going concern

After making appropriate enquiries, including detailed consideration of the Group's liquidity, solvency position, operations, 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, being 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 presentation of policyholder yield taxes paid in Sweden within the Consolidated Statement of Cash Flows.

In the interim financial statements for the period ended 30 June 2025, policyholder yield taxes totalling £19.6m were previously presented as 'income taxes paid'. These taxes are incurred when related investment transactions are settled and do not form part of the Group's income tax expense within the Consolidated Statement of Comprehensive Income. This was offset by an incorrect mapping of a £22.3m movement in Other current liabilities as income tax received. The net impact of the restatement is £2.7m. The impacts of this restatement are shown below.

Balance sheet	As reported £m	Restated £m
Decrease in other current liabilities	(38.2)	(35.5)
Cash generated by operations	59.3	62.0
Income tax recovered/(paid)	2.0	(0.7)
Net cash generated from operating activities	61.3	61.3

The above restatement has no impact on the net cash generated from operating activities or any other areas of the consolidated financial statements.

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 18 Presentation and disclosure financial statements	1 January 2027

The directors expect that the adoption of IFRS 18 will have a material impact on the presentation of the primary statements in future periods. IFRS 18 introduces new requirements for the presentation and disclosure of financial information, including defined categories and subtotals within the statement of profit or loss. The Group has assessed the implications of IFRS 18 and expects that investment-related income and expenses associated with its life insurance operations will continue to be presented within operating results, reflecting the nature of the Group's activities.

The standard will also introduce enhanced disclosure requirements, including disclosures relating to management-defined performance measures. The Group will apply IFRS 18 from its mandatory effective date of 1 January 2027, with retrospective application. The standard is expected to affect the presentation and disclosure of the Group's financial results but is not expected to have an impact on reported profit after tax, equity or cash flows.

The Group is continuing to assess the impact of other new standards and amendments that are not yet effective. At the date of approval of these financial statements, no other forthcoming IFRS standards or amendments are expected to have a material impact on the Group's financial position or financial performance.

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 2025 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 our recent acquisition and discount rates applied in these financial statements is provided below.

Chesnara Life UK acquisition

In early 2026, we completed the acquisition of Chesnara Life UK. Under IFRS 3, all identifiable assets acquired and liabilities assumed are measured at acquisition-date fair value. For insurance contract liabilities, fair value is determined in accordance with IFRS 13 using the IFRS 17 framework and a market participant perspective. The determination of fair value involved significant judgement across a number of components, including the cost of capital, expense assumptions and execution risk. The resulting excess of fair value over fulfilment cash flows established the initial CSM, which equalled £237m at the acquisition date. Goodwill of £74m arose on acquisition as the consideration transferred exceeded the fair value of the identifiable net assets acquired. Goodwill is not amortised but is tested for impairment annually, or more frequently where indicators of impairment exist. Any impairment loss is recognised first against goodwill and is not reversed in subsequent periods.

With the exception of the changes identified above relating to Chesnara Life UK, there have been no material changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years.

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 2026					31 December 2025				
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	2.59%	2.63%	2.85%	3.10%	3.12%	2.08%	2.48%	2.86%	3.21%	3.29%
	Unit-linked/index-linked/with-profits – GMM *(with high liquidity)*	GBP	3.99%	4.07%	4.38%	4.86%	4.90%	3.54%	3.67%	4.05%	4.54%	4.59%
	Short-term protection	SEK	2.03%	2.38%	2.67%	2.95%	3.07%	1.97%	2.47%	2.87%	3.10%	3.17%
RFR + VA	Immediate annuities	EUR	2.73%	2.77%	2.99%	3.24%	3.24%	2.22%	2.62%	3.00%	3.35%	3.41%
	Term assurance and other non-linked Unit-linked/index-linked/with-profits – GMM *(with medium liquidity)*	GBP	4.15%	4.23%	4.54%	5.02%	5.06%	3.78%	3.91%	4.29%	4.78%	4.83%
Market Mortgage Rates	Scildon Savings Mortgage	EUR	3.47%	3.51%	3.73%	3.98%	4.00%	2.76%	3.17%	3.55%	3.90%	3.97%

3 Earnings per share

Earnings per share are based on the following:

	Unaudited Six months ended 30 Jun 2026	Unaudited Six months ended 30 Jun 2025	Year ended 31 Dec 2025
Profit/(loss) for the period attributable to shareholders (£m)	0.6	(10.8)	(10.4)
Weighted average number of ordinary shares	230,599,420	151,028,196	205,240,821
Basic earnings per share	0.22p	(7.14)p	(5.05)p
Diluted earnings per share	0.22p	(7.02)p	(5.05)p

The weighted average number of ordinary shares in respect of the six months ended 30 June 2026 is based upon 230,899,448 shares in issue at the beginning of the period and 231,072,240 at the end of the period, excluding shares held in treasury.

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 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 2025 is based upon 150,991,019 shares in issue at the beginning of the period and 230,533,743 shares in issue at the end of the period, excluding shares held in treasury.

There were 4,007,558 share options outstanding at 30 June 2026 (30 June 2025: 2,717,630). Accordingly, there is dilution of the average number of ordinary shares in issue. There were 3,205,744 share options outstanding at 31 December 2025.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Retained earnings

Unaudited	Six months ended 30 Jun 2026 £m	Six months ended 30 Jun 2025 £m
Retained earnings attributable to equity holders of the Group comprise of:		
Balance at 1 January	**83.6**	**136.5**
Profit/(loss) for the period	0.6	(10.8)
Share-based payment	–	1.3
Dividends		
Final approved and paid for 2024	–	(24.3)
Final approved and paid for 2025	(34.1)	–
Coupon on Tier 1 Notes	(6.4)	–
Balance at 30 June	**43.7**	**102.7**

The interim dividend in respect of 2025, approved and paid in 2025, was paid at the rate of 7.70p per share.

The final dividend in respect of 2025, approved and paid in 2026, was paid at the rate of 14.80p per share so that the total dividend paid to the equity shareholders of the Company in respect of the year ended 31 December 2025 was made at the rate of 22.50p per share.

An interim dividend of 8.16p per share in respect of the six months ending 30 June 2026 is payable on 16 October 2026 to equity shareholders of the Company registered at the close of business on 4 September 2026, the dividend record date, was approved by the directors after the balance sheet date. The resulting dividend of £18.8m 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 2026 and the year ended 31 December 2025:

	Six months ended 30 Jun 2026 Pence	Year ended 31 Dec 2025 Pence
Interim – approved/paid	8.16	7.70
Final – proposed/paid	–	14.80
Total	**8.16**	**22.50**

5 Operating segments

The Group considers that it has no product or distribution-based business segments. Segmental information is reported on the same basis as the Group's IFRS financial reporting and is reviewed by the Chief Operating Decision Maker, being the Board of Directors of Chesnara plc, currently on a bi-annual basis.

The segments of the Group as at 30 June 2026 comprise:

UK: This segment comprises the UK life insurance and pensions businesses Countrywide Assured plc (CA) and Chesnara Life (UK) Limited (Chesnara Life UK). The segment has grown through acquisitions, with Chesnara Life UK being the most recent acquisition, completed in January 2026.

The segment includes the onshore individual protection business acquired from Canada Life, for which the Part VII transfer completed in February 2025. The majority of the assets and liabilities of CASLP were transferred to CA in 2023 under a Part VII business transfer. CASLP was dissolved on 14 January 2025.

Sweden: 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, while also providing certain life and health product offerings.

Netherlands: Following the merger of the formerly separate Waard and Scildon businesses in July 2025, this segment now represents the Group's Dutch life insurance business and trades under the Scildon brand. The segment has a portfolio of long-term savings, protection and some non-life business. It is open to new business and sells protection, individual savings and group pension contracts via a broker-led distribution model.

As the operating segments have been revised following the integration of the Group's Dutch businesses, the prior year comparatives have been restated to maintain comparability.

Other Group activities: This represents the functions performed by the Parent Company, Chesnara plc, together with 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 and in normal market conditions. The Group evaluates the performance of operating segments on the basis of 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 2026.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Operating segments (continued)

(i) Segmental reporting for the six months ended 30 June 2026

Unaudited	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Insurance revenue	167.2	6.1	82.6	–	255.9
Insurance service expense	(93.5)	(3.7)	(78.9)	–	(176.1)
Net income/(expenses) from reinsurance contracts held	(12.2)	(0.9)	0.9	–	(12.2)
Segmental insurance service result	**61.5**	**1.5**	**4.6**	**–**	**67.6**
Net investment return	414.4	676.2	138.3	4.0	1,232.9
Net finance expenses from insurance contracts issued	(277.5)	(20.7)	(134.7)	–	(432.9)
Net finance income/(expenses) from reinsurance contracts held	5.0	0.3	(0.2)	–	5.1
Net change in investment contract liabilities	(119.6)	(375.8)	(1.9)	–	(497.3)
Change in liabilities relating to policyholders' funds held by the Group	–	(279.8)	–	–	(279.8)
Segmental net investment result	**22.3**	**0.2**	**1.5**	**4.0**	**28.0**
Fee, commission and other operating income	28.3	51.0	–	–	79.3
Segmental revenue, net of investment result	**112.1**	**52.7**	**6.1**	**4.0**	**174.9**
Other operating expenses	(30.4)	(46.0)	(1.6)	(23.3)	(101.3)
Financing costs	–	(0.1)	–	(5.7)	(5.8)
Profit/(loss) before tax and consolidation adjustments	**81.7**	**6.6**	**4.5**	**(25.0)**	**67.8**
Consolidation adjustments:					
Amortisation of intangible assets	(1.5)	(5.3)	–	–	(6.8)
Segmental income less expenses	**80.2**	**1.3**	**4.5**	**(25.0)**	**61.0**
Profit/(loss) before tax	**80.2**	**1.3**	**4.5**	**(25.0)**	**61.0**
Income tax (charge)/credit	(61.6)	0.1	(1.4)	2.5	(60.4)
Profit/(loss) after tax	**18.6**	**1.4**	**3.1**	**(22.5)**	**0.6**

(ii) Segmental assets and liabilities as at 30 June 2026

Unaudited	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Segment assets	10,585.8	7,541.6	2,741.4	135.3	21,004.1
Segment liabilities	(10,272.4)	(7,446.2)	(2,561.1)	(200.8)	(20,480.5)
Segment net assets	**313.4**	**95.4**	**180.3**	**(65.5)**	**523.6**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Operating segments (continued)

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

Unaudited	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Insurance revenue	41.8	5.2	89.0	–	136.0
Insurance service expense	(44.6)	(0.9)	(91.2)	–	(136.7)
Net income/(expenses) from reinsurance contracts held	3.0	(1.7)	1.7	–	3.0
Segmental insurance service result	**0.2**	**2.6**	**(0.5)**	**–**	**2.3**
Net investment return	100.6	(120.1)	3.7	(5.6)	(21.4)
Net finance (expenses)/income from insurance contracts issued	(32.4)	4.2	9.8	–	(18.4)
Net finance income/(expenses) from reinsurance contracts held	3.7	0.3	0.6	–	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**	**13.7**	**(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**	**13.3**	**(5.6)**	**78.8**
Other operating expenses	(16.9)	(36.6)	(1.8)	(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**	**11.5**	**(27.5)**	**1.4**
Consolidation adjustments:					
Amortisation of intangible assets	(1.5)	(4.5)	–	–	(6.0)
Segmental income less expenses	**9.2**	**2.2**	**11.5**	**(27.5)**	**(4.6)**
Profit/(loss) before tax	**9.2**	**2.2**	**11.5**	**(27.5)**	**(4.6)**
Income tax (charge)	(3.5)	–	(2.7)	–	(6.2)
Profit/(loss) after tax	**5.7**	**2.2**	**8.8**	**(27.5)**	**(10.8)**

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

Unaudited	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Segment assets	4,401.1	6,047.7	2,923.4	137.1	13,509.3
Segment liabilities	(4,313.5)	(5,948.3)	(2,736.5)	(217.7)	(13,216.0)
Segment net assets	**87.6**	**99.4**	**186.9**	**(80.6)**	**293.3**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Operating segments (continued)

(v) Segmental reporting for the year ended 31 December 2025

	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Insurance revenue	78.8	10.7	137.5	–	227.0
Insurance service expense	(81.2)	(4.8)	(122.1)	–	(208.1)
Net income/(expenses) from reinsurance contracts held	5.3	(1.3)	(1.0)	–	3.0
Segmental insurance service result	**2.9**	**4.6**	**14.4**	**–**	**21.9**
Net investment return	421.0	129.1	105.8	(6.7)	649.2
Net finance expenses from insurance contracts issued	(119.3)	(6.2)	(80.1)	–	(205.6)
Net finance income from reinsurance contracts held	12.5	0.1	1.6	–	14.2
Net change in investment contract liabilities	(284.9)	(59.4)	(0.9)	–	(345.2)
Change in liabilities relating to policyholders' funds held by the Group	–	(62.4)	–	–	(62.4)
Segmental net investment result	**29.3**	**1.2**	**26.4**	**(6.7)**	**50.2**
Fee, commission and other operating income	40.4	73.7	0.1	–	114.2
Segmental revenue, net of investment result	**72.6**	**79.5**	**40.9**	**(6.7)**	**186.3**
Other operating expenses	(35.9)	(64.7)	(7.9)	(33.9)	(142.4)
Financing costs	(0.1)	(0.3)	–	(11.0)	(11.4)
Profit/(loss) before tax and consolidation adjustments	**36.6**	**14.5**	**33.0**	**(51.6)**	**32.5**
Consolidation adjustments:					
Amortisation and impairment of intangible assets	(3.5)	(10.2)	–	–	(13.7)
Segmental income less expenses	**33.1**	**4.3**	**33.0**	**(51.6)**	**18.8**
Profit/(loss) before tax	**33.1**	**4.3**	**33.0**	**(51.6)**	**18.8**
Income tax credit/(charge)	(24.0)	(0.2)	(5.7)	0.7	(29.2)
Profit/(loss) after tax	**9.1**	**4.1**	**27.3**	**(50.9)**	**(10.4)**

(vi) Segmental assets and liabilities as at 31 December 2025

	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Segment assets	4,673.4	6,791.4	2,737.0	374.2	14,576.0
Segment liabilities	(4,582.5)	(6,687.8)	(2,526.6)	(215.8)	(14,012.7)
Segment net assets	**90.9**	**103.6**	**210.4**	**158.4**	**563.3**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Business combinations

Acquisition of Chesnara Life (UK) Limited

On 30 January 2026, the Group completed the acquisition of 100% of the issued share capital of HSBC Life (UK) Limited, which was subsequently renamed Chesnara Life (UK) Limited ('Chesnara Life UK'), a UK-based life insurance business providing a range of life and pension products to retail policyholders. Control of the business was obtained on completion of the transaction on this date. The transaction has been accounted for as a business combination in accordance with IFRS 3 Business Combinations, with Chesnara plc identified as the acquirer.

The acquisition increases the scale of the Group's UK business and expands the Group's UK-based life and pensions capabilities. Chesnara Life UK has been consolidated into the Group's results from the acquisition date and is included within the UK operating segment.

Under IFRS 3, all identifiable assets acquired and liabilities assumed are measured at acquisition-date fair value. For insurance contract liabilities, fair value is determined in accordance with IFRS 13 using the IFRS 17 framework and a market participant perspective. The resulting excess of fair value over fulfilment cash flows establishes the initial CSM. This resulted in the recognition of an acquired Contractual Service Margin (CSM) of £237m at the acquisition date. The acquired CSM represents the unearned profit associated with the acquired insurance contracts and is released to profit or loss over the remaining coverage and service periods in accordance with IFRS 17.

The acquisition-date fair value of the consideration transferred was £246.7m. The consideration was satisfied entirely in cash on completion, with no deferred, contingent or equity consideration arrangements.

Fair value of identifiable net assets acquired

	Item £m
Assets	
Financial investments	4,849.8
Cash and cash equivalents	193.6
Other assets	19.2
Income tax recoverable	4.7
Total assets acquired	**5,067.3**
Liabilities	
Insurance contract liabilities (net)	(3,821.2)
Investment contract liabilities	(1,004.7)
Deferred tax liabilities	(30.0)
Other liabilities	(38.6)
Total liabilities assumed	**(4,894.5)**
Net identifiable assets acquired	**172.8**
Consideration transferred	(246.7)
Goodwill recognised	**73.9**

Goodwill of £73.9m arose on acquisition as the consideration transferred exceeded the fair value of the identifiable net assets acquired. The goodwill has been recognised as an intangible asset within the Consolidated Statement of Financial Position.

Management reassessed the identification and measurement of the assets acquired and liabilities assumed as part of the purchase price allocation process. This included a review of the valuation methodologies and key assumptions used to determine the acquisition-date fair values of the assets acquired and liabilities assumed, including insurance contract liabilities measured in accordance with IFRS 17.

The goodwill recognised principally reflects the expected future profitability and other economic benefits expected to arise from the acquisition. The goodwill recognised is not expected to be deductible for tax purposes.

Acquisition-related costs of £0.8m have been recognised in the Consolidated Statement of Comprehensive Income within other operating expenses during the period and are not included in the consideration transferred. Total acquisition-related costs incurred in relation to the transaction amount to £7.0m, of which £6.2m were recognised in 2025.

From the acquisition date to 30 June 2026, Chesnara Life UK contributed £51.4m to the Group's profit before income tax. The acquisition completed on 30 January 2026. Accordingly, the impact of including one additional month of trading in the pro forma information is not considered material to the Group's interim financial statements.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Insurance result

Unaudited	Six months ended 30 Jun 2026 £m	Six months ended 30 Jun 2025 £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	203.1	116.7
Change in risk adjustment for non-financial risk for the risk expired	6.1	1.4
CSM recognised for the services provided	33.3	11.5
Insurance acquisition cash flows recovery	7.8	1.6
Insurance revenue for contracts not measured under the PAA	**250.3**	**131.2**
Insurance revenue for contracts measured under the PAA	**5.6**	**4.8**
Total insurance revenue	**255.9**	**136.0**
Insurance service expenses		
Incurred claims and other directly attributable expenses	(159.5)	(86.3)
Changes that relate to past service – changes in the FCF relating to the LIC	1.4	3.6
Losses on onerous contracts and reversals of those losses	(10.2)	(52.4)
Insurance acquisition cash flows amortisation	(7.8)	(1.6)
Total insurance service expenses	**(176.1)**	**(136.7)**
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	(61.3)	(25.8)
Change in risk adjustment for non-financial risk for the risk expired	(4.2)	(0.4)
CSM recognised for the services received	(9.4)	(1.3)
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts not measured under the PAA	**(74.9)**	**(27.5)**
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts measured under the PAA	**(1.5)**	**(1.4)**
Amounts recoverable for incurred claims and other incurred insurance service expenses	63.5	33.3
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	0.1	(1.3)
Recoveries of loss on recognition of onerous underlying contracts	0.6	0.5
Recoveries of losses on onerous underlying contracts and reversals of such losses	0.3	(0.6)
Effect of changes in the risk of reinsurers' non-performance	(0.3)	–
Total net expenses from reinsurance contracts held	**(12.2)**	**3.0**
Total insurance service result	**67.6**	**2.3**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 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 2026 Net investment return	Insurance contracts £m	Investment contracts (without DPFs) £m	Total £m
Interest revenue from financial assets not measured at FVTPL	–	1.8	1.8
Net gains on financial investments mandatorily measured at FVTPL	208.2	564.6	772.8
Net gains on financial investments designated as FVTPL	20.7	433.7	454.4
Net gains from fair value adjustments to investment properties	3.9	–	3.9
Total net investment return	**232.8**	**1,000.1**	**1,232.9**
Finance income/(expenses) from insurance contracts issued			
Change in fair value of underlying assets of contracts measured under VFA	(408.8)	–	(408.8)
Interest accreted	(20.4)	–	(20.4)
Effect of changes in interest rates and other financial assumptions	(5.0)	–	(5.0)
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	1.4	–	1.4
Total finance income from insurance contracts issued	**(432.8)**	**–**	**(432.8)**
Finance income from reinsurance contracts issued			
Interest accreted	7.5	–	7.5
Effect of changes in interest rates and other financial assumptions	(1.3)	–	(1.3)
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	(1.2)	–	(1.2)
Total finance expenses from reinsurance contracts issued	**5.0**	**–**	**5.0**
Net insurance finance expenses	**(427.8)**	**–**	**(427.8)**
Net change in investment contract liabilities	–	(497.3)	(497.3)
Change in liabilities relating to policyholder funds held by the Group	–	(279.8)	(279.8)
Net investment result	**(195.0)**	**223.0**	**28.0**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Net investment result (continued)

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 losses on financial investments mandatorily measured at FVTPL	(0.3)	(46.8)	(47.1)
Net gains/(losses) 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**

9 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 2026 £m	Six months ended 30 Jun 2025 £m
UK	19.6	18.7
Sweden	5.5	5.1
Netherlands	–	–
Total	**25.1**	**23.8**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 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 2026	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Equity securities	–	–	230.9	230.9
Holdings in collective investment schemes	–		14,630.9	14,630.9
Debt securities – government bonds	–	444.0	–	444.0
Debt securities – other	–	701.9	–	701.9
Policyholder funds held by the Group	–	3,465.9	–	3,465.9
Mortgage loan portfolio	–	341.4	–	341.4
Total	**–**	**4,953.2**	**14,861.8**	**19,815.0**
Derivatives and other financial assets				
Amounts deposited with reinsurers	–	35.7	–	35.7
Derivative financial instruments	–	–	0.3	0.3
Other assets	94.8	–	–	94.8
Cash and cash equivalents	–	410.7	–	410.7
Total financial investments and financial assets	**94.8**	**5,399.6**	**14,862.1**	**20,356.5**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	8,109.8	–	8,109.8
Liabilities relating to policyholder funds held by the Group	–	3,464.9	–	3,464.9
Derivative financial instruments	–	–	–	–
Borrowings	202.5	–	–	202.5
Other current liabilities	153.1	–	–	153.1
Total financial liabilities	**355.6**	**11,574.7**	**–**	**11,930.3**

31 December 2025	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Equity securities	–	–	208.2	208.2
Holdings in collective investment schemes	–	–	9,388.4	9,388.4
Debt securities – government bonds	–	420.3	–	420.3
Debt securities – other	–	635.1	–	635.1
Policyholder funds held by the Group	–	2,939.3	–	2,939.3
Mortgage loan portfolio	–	356.9	–	356.9
Total	**–**	**4,351.6**	**9,596.6**	**13,948.2**
Derivatives and other financial assets				
Amounts deposited with reinsurers	–	35.0	–	35.0
Derivative financial instruments	–	–	0.9	0.9
Other assets	58.8	–	–	58.8
Cash and cash equivalents	–	145.3	–	145.3
Total financial investments and financial assets	**58.8**	**4,531.9**	**9,597.5**	**14,188.2**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,717.0	–	6,717.0
Liabilities relating to policyholder funds held by the Group	–	2,938.5	–	2,938.5
Derivative financial instruments	–	–	0.1	0.1
Borrowings	203.0	–	–	203.0
Other current liabilities	129.5	–	–	129.5
Total financial liabilities	**332.5**	**9,655.5**	**0.1**	**9,988.1**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 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 2026	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	–	–	89.7	89.7
Financial assets				
Equities – Listed	230.9	–	–	230.9
Holdings in collective investment schemes	14,425.1	35.6	170.2	14,630.9
Debt securities – government bonds	439.4	4.6	–	444.0
Debt securities – other debt securities	688.0	10.4	3.5	701.9
Policyholders' funds held by the Group	3,390.3	–	75.6	3,465.9
Mortgage loan portfolio	–	341.4	–	341.4
Amounts deposited with reinsurers	–	35.7	–	35.7
Derivative financial instruments	–	0.3	–	0.3
Total	**19,173.7**	**428.0**	**339.0**	**19,940.7**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	8,109.8	–	8,109.8
Liabilities related to policyholders' funds held by the Group	–	3,464.9	–	3,464.9
Derivative financial instruments	–	–	–	–
Total	**–**	**11,574.7**	**–**	**11,574.7**

Fair value measurement at 31 December 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	–	–	91.0	91.0
Financial assets				
Equities – Listed	208.0	0.1	0.1	208.2
Holdings in collective investment schemes	9,176.7	35.6	176.1	9,388.4
Debt securities – government bonds	420.3	–	–	420.3
Debt securities – other debt securities	635.1	–	–	635.1
Policyholders' funds held by the Group	2,864.8	–	74.5	2,939.3
Mortgage loan portfolio	–	356.9	–	356.9
Amounts deposited with reinsurers	–	35.0	–	35.0
Derivative financial instruments	–	0.9	–	0.9
Total	**13,304.9**	**428.5**	**341.7**	**14,075.1**
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,717.0	–	6,717.0
Liabilities related to policyholders' funds held by the Group	–	2,938.5	–	2,938.5
Derivative financial instruments	–	0.1	–	0.1
Total	**–**	**9,655.6**	**–**	**9,655.6**

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 holdings classified as Level 3 £170.2m (December 2025: £176.1m) 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

11 Financial asset and liability fair value disclosures (continued)

Policyholder funds held by the Group

There is also a small holding of assets classified as Level 3 amounting to £75.5m (December 2025: £74.5m) 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 2026 and 2025 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 foreign currency hedges. One pair was entered into to manage the exposure to foreign exchange movements between sterling and both the euro and Swedish krona. Another foreign currency hedge was entered into in 2026 to manage exposure to foreign exchange movements between sterling and the US dollar. All hedges have a similar structure described below.

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 2026 was 2.4% (31 December 2025: 3.9%).

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 2026, this resulted in discounting the cash flows in each mortgage using a range from 3.94% to 4.92% (31 December 2025: 3.81% to 4.70%).

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 2025: 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

11 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 ppt increase in the discount rate would reduce the value of the asset by £16.0m (31 December 2025: £15.1).

A 1 ppt decrease in the discount rate would increase the value of the asset by £16.2m (31 December 2025: £17.3m)

Reconciliation of Level 3 fair value measurements of financial instruments

Unaudited 30 June 2026	Investment properties £m	Holdings in collective investment schemes £m	Policyholder funds held by Group £m	Total £m
At start of period	**91.0**	**176.1**	**74.5**	**341.6**
Total gains and losses recognised in the income statement	0.5	(3.6)	2.8	(0.3)
Purchases	0.9	–	16.3	17.2
Settlements	(2.7)	–	(15.1)	(17.8)
Exchange rate adjustment	–	(2.3)	(2.9)	(5.2)
At the end of period	**89.7**	**170.2**	**75.6**	**335.5**

31 December 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**	**44.3**	**304.6**
Total gains and losses recognised in the income statement	5.6	(2.0)	(12.6)	(9.0)
Purchases	2.7	–	42.6	45.3
Settlements	(9.0)	–	(6.1)	(15.1)
Exchange rate adjustment	–	9.5	6.3	15.8
At the end of period	**91.0**	**176.1**	**74.5**	**341.6**

Please refer to Borrowings note.

	Carrying amount		Fair value	
	Unaudited 30 Jun 2026 £m	31 Dec 2025 £m	Unaudited 30 Jun 2026 £m	31 Dec 2025 £m
Financial liabilities				
Borrowings	201.2	201.1	188.0	185.8
Amounts due in relation to financial reinsurance	0.5	1.0	0.5	1.0
Term finance	0.8	0.9	0.8	0.9

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 it is 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

12 Insurance and reinsurance contracts
(a) Composition of the balance sheet
(i) Composition of the balance sheet as at 30 June 2026

Unaudited	UK £m	Sweden £m	Netherlands £m	Group £m
Insurance contracts				
Insurance contract liabilities	5,661.9	200.3	2,482.7	8,344.9
Insurance contract assets	(27.3)	–	–	(27.3)
Net insurance contract liabilities	**5,634.6**	**200.3**	**2,482.7**	**8,317.6**
Reinsurance contracts				
Reinsurance contract assets	317.4	10.3	1.6	329.3
Reinsurance contract liabilities	(34.0)	–	(6.7)	(40.7)
Net reinsurance contract liabilities	**283.4**	**10.3**	**(5.1)**	**288.6**

(ii) Composition of the balance sheet as at 31 December 2025

	UK £m	Sweden £m	Netherlands £m	Group £m
Insurance contracts				
Insurance contract liabilities	1,306.4	193.0	2,441.3	3,940.7
Insurance contract assets	–	–	–	–
Net insurance contract liabilities	**1,306.4**	**193.0**	**2,441.3**	**3,940.7**
Reinsurance contracts				
Reinsurance contract assets	155.0	11.6	1.4	168.0
Reinsurance contract liabilities	(2.0)	–	(8.5)	(10.5)
Net reinsurance contract liabilities	**153.0**	**11.6**	**(7.1)**	**157.5**

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

Unaudited	UK £m	Sweden £m	Netherlands £m	Group £m
Insurance contracts				
Insurance contract liabilities	1,283.9	176.0	2,653.7	4,113.6
Insurance contract assets	–	–	–	–
Net insurance contract liabilities	**1,283.9**	**176.0**	**2,653.7**	**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**	**(7.3)**	**149.9**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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 2026 to 30 June 2026

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 2026	**3,712.0**	**73.3**	**126.2**	**28.3**	**0.9**	**3,940.7**
Net insurance contract liabilities acquired from Chesnara Life UK as at 30 January 2026	**3,906.8**	**–**	**57.7**	**–**	**–**	**3,964.5**
Changes in the statement of profit and loss						
Insurance revenue						
Contracts measured under the fair value approach	(102.9)	–	–	–	–	(102.9)
Contracts measured under the fully retrospective approach	(153.0)	–	–	–	–	(153.0)
Insurance revenue total	**(255.9)**	**–**	**–**	**–**	**–**	**(255.9)**
Insurance service expenses						
Incurred claims and other directly attributable expenses	(0.7)	(5.0)	161.9	5.6	–	161.8
Adjustments to liabilities for incurred claims	0.1	–	0.8	(2.2)	(0.1)	(1.4)
Losses and reversals of losses on onerous contracts	–	7.9	–	–	–	7.9
Amortisation of insurance acquisition cash flows	7.8	–	–	–	–	7.8
Insurance service expense total	**7.2**	**2.9**	**162.7**	**3.4**	**(0.1)**	**176.1**
Insurance service result	**(248.7)**	**2.9**	**162.7**	**3.4**	**(0.1)**	**(79.8)**
Net finance expenses from insurance contracts	431.8	0.4	–	0.7	–	432.9
Effect of movements in exchange rates	(38.1)	(0.7)	(0.7)	(1.0)	–	(40.5)
Total amounts recognised in comprehensive income	**145.0**	**2.6**	**162.0**	**3.1**	**(0.1)**	**312.6**
Investment components	(206.6)	–	206.9	–	–	0.3
Cash flows						
Premiums received	472.4	–	–	–	–	472.4
Claims and other directly attributable expenses paid	8.8	–	(368.6)	(4.4)	–	(364.2)
Insurance acquisition cash flows	(8.7)	–	–	–	–	(8.7)
Total cash flows	**472.5**	**–**	**(368.6)**	**(4.4)**	**–**	**99.5**
Net insurance contract liabilities as at 30 June 2026	**8,029.7**	**75.9**	**184.2**	**27.0**	**0.8**	**8,317.6**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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 2025 to 30 June 2025

Unaudited	Liabilities for remaining coverage: Excluding loss component £m	Liabilities for remaining coverage: Loss component £m	Liabilities for incurred claims: For contracts not under PAA £m	Liabilities for incurred claims, Contracts under PAA: PV of future cash flows £m	Liabilities for incurred claims, Contracts under PAA: 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

12 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 2026 to 30 June 2026

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 2026	**3,676.6**	**30.2**	**159.3**	**43.5**	**3,909.6**
Net insurance contract liabilities acquired from Chesnara Life UK as at 30 January 2026	**3,639.8**	**32.2**	**292.4**	**–**	**3,964.4**
Changes that relate to current service					
CSM recognised for services provided	–	–	(30.8)	(1.8)	(32.6)
Change in risk adjustment for non-financial risk for risk expired	–	(6.3)	0.2	–	(6.1)
Experience adjustments	(20.2)	–	(27.4)	–	(47.6)
Total changes that relate to current service	**(20.2)**	**(6.3)**	**(58.0)**	**(1.8)**	**(86.3)**
Changes that relate to future service					
Contracts initially recognised in the period	(11.1)	1.4	12.5	–	2.8
Changes in estimates that adjust the CSM	(24.6)	0.7	20.8	3.0	(0.1)
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	5.1	0.1	–	–	5.2
Total changes that relate to future service	**(30.6)**	**2.2**	**33.3**	**3.0**	**7.9**
Adjustments to liabilities for incurred claims	0.8	0.1	–	–	0.9
Total changes that relate to past service	**0.8**	**0.1**	**–**	**–**	**0.9**
Insurance service result	**(50.0)**	**(4.0)**	**(24.7)**	**1.2**	**(77.5)**
Net finance expenses from insurance contracts	426.9	0.5	4.4	0.4	432.2
Effect of movements in exchange rates	(36.7)	(0.3)	(2.2)	(0.3)	(39.5)
Total amounts recognised in comprehensive income	**340.2**	**(3.8)**	**(22.5)**	**1.3**	**315.2**
Cash flows					
Premiums received	466.9	–	–	–	466.9
Claims and other directly attributable expenses paid	(359.8)	–	–	–	(359.8)
Insurance acquisition cash flows	(8.6)	–	–	–	(8.6)
Total cash flows	**98.5**	**–**	**–**	**–**	**98.5**
Net insurance contract liabilities as at 30 June 2026	**7,755.1**	**58.6**	**429.2**	**44.8**	**8,287.7**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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 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**	**4,065.3**
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

12 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 2026 to 30 June 2026

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 2026	**0.3**	**–**	**–**	**11.2**	**0.1**	**11.6**
Reinsurance expenses – allocation of reinsurance	(1.5)	–	–	–	–	(1.5)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other directly attributable expenses	–	–	–	1.5	–	1.5
Changes in the expected recoveries for past claims	–	–	–	(0.8)	–	(0.8)
Changes in the loss recovery component	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	**(1.5)**	**–**	**–**	**0.7**	**–**	**(0.8)**
Net finance expenses from reinsurance contracts	–	–	–	0.3	–	0.3
Effect of movements in exchange rates	–	–	–	(0.4)		(0.4)
Total amounts recognised in comprehensive income	**(1.5)**	**–**	**–**	**0.6**	**–**	**(0.9)**
Investment components	–	–	–	–	–	–
Cash flows						
Premiums paid net of ceding commission	0.6	–	–	–	–	0.6
Recoveries from reinsurance contracts held	–	–	–	(1.0)	–	(1.0)
Total cash flows	**0.6**	**–**	**–**	**(1.0)**	**–**	**(0.4)**
Net reinsurance contract assets as at 30 June 2026	**(0.6)**	**–**	**–**	**10.8**	**0.1**	**10.3**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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 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

12 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 2026 to 30 June 2026

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 2026	**103.4**	**10.8**	**27.5**	**4.1**	**145.8**
Net reinsurance contract assets acquired from Chesnara Life UK as at 30 January 2026	**67.7**	**18.4**	**55.5**	**–**	**141.6**
Changes that relate to current service					
CSM recognised for services received	–	–	(9.2)	(0.2)	(9.4)
Change in risk adjustment for non-financial risk for risk expired	–	(4.1)	–	–	(4.1)
Experience adjustments	1.5	–	–	–	1.5
Total changes that relate to current service	**1.5**	**(4.1)**	**(9.2)**	**(0.2)**	**(12.0)**
Changes that relate to future service					
Contracts initially recognised in the period	(2.8)	0.3	2.5	–	–
Changes in estimates that adjust the CSM	1.9	(0.2)	(3.3)	1.1	(0.5)
CSM adjustment for income on initial recognition of onerous underlying contracts	–	–	0.9	–	0.9
Changes in recoveries of losses on onerous underlying contracts that do not adjust the CSM	0.1	–	(0.3)	0.4	0.2
Total changes that relate to future service	**(0.8)**	**0.1**	**(0.2)**	**1.5**	**0.6**
Net (expense)/income from reinsurance contracts held	**0.7**	**(4.0)**	**(9.4)**	**1.3**	**(11.4)**
Net finance income from reinsurance contracts held	4.0	0.1	1.0	–	5.1
Effect of movements in exchange rates	0.7	(0.1)	(0.4)	–	0.2
Total amounts recognised in comprehensive income	**5.4**	**(4.0)**	**(8.8)**	**1.3**	**(6.1)**
Cash flows					
Premiums paid net of ceding commission	59.0	–	–	–	59.0
Recoveries from reinsurance contracts held	(61.7)	–	–	–	(61.7)
Total cash flows	**(2.7)**	**–**	**–**	**–**	**(2.7)**
Net reinsurance contract assets as at 30 June 2026	**173.9**	**25.1**	**74.2**	**5.4**	**278.6**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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 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 recoveries of losses on onerous underlying contracts that do not adjust the CSM	–	–	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

13 Borrowings

	Unaudited 30 Jun 2026 £m	31 Dec 2025 £m
Tier 2 debt	201.2	201.1
Amount due in relation to financial reinsurance	0.5	1.0
Term finance	0.8	0.9
Total	**202.5**	**203.0**

The fair value of amounts due in relation to Tier 2 debt at 30 June 2026 was £188m (31 December 2025: £185.8m).

The fair value of amounts due in relation to financial reinsurance at 30 June 2026 was £0.5m (31 December 2025: £1m).

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.

14 Approval of interim financial statements for the six months ended 30 June 2026

This condensed set of consolidated financial statements has been approved by the Board of Directors on 24 August 2026. A copy of this report will be available to the public at the Company's registered office, 2nd Floor, 33-34 Winckley Square, Preston, England, PR1 3JJ, UK, and at **www.chesnara.co.uk**

15 Subsequent events

Following the reporting period end, the Part VII transfer and subsequent migration of the Canada Life closed book of Bond & Pension business (acquired by Chesnara in 2024) to CA plc were successfully completed in early August 2026.

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

25 AUGUST 2026

Results for the six months ended 30 June 2026 announced

3 SEPTEMBER 2026

Interim ex-dividend date

4 SEPTEMBER 2026

Interim dividend record date

25 SEPTEMBER 2026

Last date for dividend reinvestment plan elections

16 OCTOBER 2026

Interim dividend payment date

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ALTERNATIVE PERFORMANCE MEASURES

Overview

To provide a comprehensive explanation of our business performance, we present and analyse our results using financial measures that include certain Alternative Performance Measures (APMs). APMs are non-GAAP metrics intended to supplement disclosures prepared in accordance with applicable regulatory frameworks, such as International Financial Reporting Standards (IFRS) and Solvency II. We consider these measures to offer additional insight into our financial performance; however, they should be regarded as complementary to, and not a replacement for, measures determined under those regulations. Accordingly, these APMs may not be directly comparable to similarly titled measures reported by other entities.

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 overview section, with detailed reference within the financial review (pages 18 to 25).

<table>
<tr><th>APM</th><th>WHAT IS IT?</th><th>WHY DO WE USE IT?</th><th>REFERENCE</th></tr>
<tr><td>Adjusted Operating Profit (AOP)</td><td>Adjusted Operating Profit is IFRS Profit before Tax adjusted for the impacts of economic volatility, amortisation and impairments of intangibles, finance and restructuring costs and other non-operating items which in the Director’s view should be excluded by their nature or incidence to enable a full understanding of financial performance.</td><td>It helps give stakeholders a better understanding of the performance of the Group by identifying and analysing non-operating items.</td><td>A reconciliation of IFRS Adjusted Operating Profit to the IFRS result before tax is included in the financial review on page 22 and below.</td></tr>
<tr><td>Assets Under Administration (AuA)</td><td>AuA reflects the value of the financial assets that the business administers, as reported in the IFRS Consolidated Balance Sheet.</td><td>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.</td><td>See ‘financial investments’ line in the Consolidated Balance Sheet on page 30.</td></tr>
<tr><td>Leverage</td><td>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.</td><td>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.</td><td><table>
<tr><th>£m</th><th>HY25</th><th>FY25</th></tr>
<tr><td>Debt</td><td>201</td><td>201</td></tr>
<tr><td>Divided by:
Debt + Equity + Net CSM</td><td>1,052</td><td>897</td></tr>
<tr><td>Leverage %</td><td>19.1</td><td>22.4</td></tr>
</table>
See Note 13 Borrowings on page 56 for debt.

See IFRS Capital Base on pages 23 to 25 which is Equity + Net CSM.</td></tr>
<tr><td>IFRS Capital Base</td><td>IFRS net equity plus the consolidated CSM net of reinsurance and tax.</td><td>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.</td><td>See IFRS Income Statement on page 23.</td></tr>
<tr><td>Operating Capital Generation (OCG)</td><td>OCG measures the amount of Solvency II capital the Group generates from operating activities. OCG reflects only the operational movements in Own Funds and SCR, removing the impacts of investment variances, integration and restructuring costs and other non-operating variances.</td><td>OCG enhances Solvency II surplus which can be used to support sustainable Cash Remittances from our businesses, which in turn, supports the Group’s dividend as well as funding further investment to provide sustainable growth.</td><td>OCG forms a component of the change in Solvency II surplus in the period as set out in the diagram on page 21.</td></tr>
<tr><td>Solvency Coverage Ratio</td><td>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 – Own Funds 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.</td><td>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.</td><td>See financial review section on pages 18 to 20.</td></tr>
</table>

ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

APM	WHAT IS IT?	WHY DO WE USE IT?	REFERENCE
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 20.
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 12 to 17.
Cash Remittances	Cash paid by our business units to the Group, primarily consisting of dividends.	Cash Remittances are considered a useful measure as they support the payments of external dividends.	Cash Remittances eliminate on consolidation and hence are not directly reconcilable to the Group's IFRS Consolidated Statement of Cash Flows.
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.	See page 4.
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.	The measure 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.	

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 2026	31 Dec 2025	Rationale
Group IFRS net assets	**524**	**563**	
Removal of intangible assets; AVIF, DAC and DIL	(160)	(88)	Intangible assets that cannot be sold separately have no intrinsic value under Solvency II rules.
Removal of IFRS insurance contract liabilities, net of reinsurance	19,494	13,332	Net liabilities are calculated differently between the two methodologies and hence IFRS insurance contract liabilities are replaced with Solvency II technical provisions. The main differences in methodology are discussed further below.
Inclusion of SII technical provisions, net of reinsurance	(19,051)	(13,077)	
Other valuation differences	25	23	Other valuation differences.
Mortgage loan valuation difference	–	–	Valuation difference of the mortgage debt between IFRS and SII.
Deferred tax valuation differences	(30)	(8)	These are the deferred tax impacts as a result of the adjustments above.
Foreseeable dividends	(19)	(34)	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	13	15	Valuation difference of Tier 2 debt between IFRS and SII.
Tier 2 debt under SII	188	186	Tier 2 capital plus the restriction placed on the subordinated debt within Own Funds under Solvency II requirements.
Solvency tiering restrictions	–	(40)	
Ring-fenced surpluses	(8)	(13)	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-profit (WP) funds, which are temporarily restricted and the RT1 restriction. The WP restrictions are removed through periodic capital transfers.
Group SII Own Funds	**976**	**859**	

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 Group Centre 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 Coverage Ratio

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 2026 and 31 December 2025 is as follows:

£m	HY26	FY25
UT1 Own Funds	616	552
RT1 Own Funds	148	140
Tier 2 and Tier 3 Own Funds	212	167
Total Group SII Own Funds (OF)	976	859
Solvency Capital Requirement (SCR)	527	334
Solvency surplus	449	525
Solvency Coverage Ratio	185%	257%

Operating Capital Generation by segment

Business segment – £m	HY26	HY25
UK	64	29
Sweden	3	8
Netherlands	7	15
Group Centre	22	2
Operating Capital Generation	**96**	**54**

Solvency II surplus movement for the six months ended 30 June 2026

	31 December 2025 £m	Operating Capital Generation £m	Non-Operating Capital Generation £m	Dividends £m	T2/T3 restrictions £m	Acquisitions £m	30 June 2026 £m
Own Funds	859	32	(20)	(19)	45	79	976
SCR	(334)	64	3	–	–	(260)	(527)
Surplus	**525**	**96**	**(17)**	**(19)**	**45**	**(182)**	**449**

Solvency II surplus movement for the period ended 30 June 2025

	31 December 2024 £m	Operating Capital Generation £m	Non-Operating Capital Generation £m	Dividends £m	T2/T3 restrictions £m	Acquisitions £m	30 June 2025 £m
Own Funds	643	37	(27)	(13)	(7)	–	632
SCR	(316)	17	(7)	–	–	–	(306)
Surplus	**327**	**54**	**(34)**	**(13)**	**(7)**	**–**	**326**

RECONCILIATION OF METRICS (CONTINUED)

Adjusted Operating Profit

(i) Reconciliation of IFRS Profit before Tax to Adjusted Operating Profit for the six months ended 30 June 2026

	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	Total £m
Profit/(loss) before tax and consolidation adjustments	**80**	**1**	**5**	**(25)**	**61**
Tax attributable to policyholders' returns	(61)	–	–	–	(61)
Profit/(loss) before tax attributable to shareholders' profits	**19**	**1**	**5**	**(25)**	**–**
Investment variances and economic assumption changes	(3)	–	3	–	–
Impairment, amortisation and profit or loss on disposal	3	–	–	–	3
Integration and restructuring costs	1	2	1	19	23
Financing costs	–	–	–	5	5
Other	–	–	–	–	–
Adjusted Operating Profit/(loss) before tax attributable to shareholders' profits	**20**	**3**	**10**	**(1)**	**31**

(ii) Reconciliation of IFRS Profit before Tax to Adjusted Operating Profit for the six months ending 30 June 2025

	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	Total £m
Profit/(loss) before tax and consolidation adjustments	**9**	**2**	**12**	**(28)**	**(5)**
Tax attributable to policyholders' returns	(4)	–	–	–	(4)
Profit/(loss) before tax attributable to shareholders' profits	**5**	**2**	**12**	**(28)**	**(9)**
Investment variances and economic assumption changes	7	1	(8)	8	8
Impairment, amortisation and profit or loss on disposal	1	1	–	–	2
Integration and restructuring costs	–	2	1	12	15
Financing costs	–	–	–	5	5
Adjusted Operating Profit/(loss) before tax attributable to shareholders' profits	**13**	**6**	**5**	**(3)**	**21**

Key adjusting items between IFRS Profit before Tax and Adjusted Operating Profit

Certain adjustments that are considered to be non-recurring or strategic, or due to short-term movements not reflective of longer-term performance are made to IFRS Profit or Loss before Tax to determine Adjusted Operating Profit. The various items excluded from Group's Adjusted Operating Profit, but included in IFRS Profit before Tax are:

(a) Investment variances and economic assumption changes

AOP is based on expected investment returns on financial investments backing gross insurance and reinsurance contracts, shareholder assets and any surplus assets with allowance for the corresponding movements in liabilities via the discount rate used to discount the projected cash flows. The expected return rate is based on consistent assumptions, using the principles from the Own Risk Solvency Assessment (ORSA), rebased to the 1 January of the financial year.

AOP includes the impact of non-economic experience variances (such as mortality, persistency, and expenses) but excludes economic variances like market value movements, interest rate changes, and the effect of changes in economic assumptions on liabilities. These excluded items, along with short-term investment variances, are disclosed separately to reflect the long-term nature of the business. By removing the impact of economic variances, AOP provides a more comparable and stable measure of performance year-on-year and is used to manage business unit performance.

(b) Impairment, amortisation and profit or loss on disposal

AOP also excludes impairment of goodwill; amortisation and impairment of other intangible assets acquired in business combinations; amortisation and impairment of acquired value of in-force business on non-participating investment contracts; and the profit or loss on disposal and remeasurement of subsidiaries, joint ventures and associates. These items principally relate to merger and acquisition activity which we view as strategic in nature, hence they are excluded from the Group Adjusted Operating Profit APM as this is principally used to manage the performance of our operating segments when reporting to the Group chief operating decision maker.

RECONCILIATION OF METRICS (CONTINUED)

Adjusted Operating Profit (continued)

Key adjusting items between IFRS Profit before Tax and Adjusted Operating Profit (continued)

(c) Integration and restructuring costs

Any integration and restructuring costs and other non-operating expense items primarily reflect the costs associated with the transformation of the business. This adjustment also includes an allocation of central Group costs that relate to integration and restructuring projects that would otherwise have been avoided; such allocations are determined with reference to the most recently available Board-approved budgets. Together, these costs represent restructuring and transformation activities within the Group and are therefore excluded from Adjusted Operating Profit before tax.

(d) Financing costs

Financing costs are also classified as non-operating because they primarily relate to interest payments on debt or bonds used to fund future mergers and acquisitions, rather than being necessary for the day-to-day running of the existing business operations.

(e) Other items

Other items are those items that, in the directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group's financial performance.

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.
CA	Countrywide Assured plc.
CALH	Countrywide Assured Life Holdings Limited and its subsidiary companies.
CASLP	Sanlam Life & Pensions UK Limited.
Chesnara Life UK	Chesnara Life (UK) Ltd.
BLAGAB	Basic life assurance and general annuity business.
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 business unit level reflective of the collective performance of each of the business units prior to any Group level activity.
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 business units including Chesnara entity but adjustments will be made for the impact of items such as foreign exchange, 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.
Business Unit Cash Generation	This represents the cash generated by the three operating business units 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.
DORA	Digital Operational Resilience Act (European Union regulation).
DNB	De Nederlandsche Bank is the central bank of the Netherlands and is the regulator of our Dutch subsidiaries.
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 N.V. and Waard Schade N.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).
FCA	Financial Conduct Authority.
FCF	Fulfilment Cash Flows (FCF) represent the present value of future cash inflows and outflows, adjusted for risk, that are expected to arise as the insurance contract obligations are fulfilled.
FI	Finansinspektionen, being the Swedish Financial Supervisory Authority.
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 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.
IFRS	International Financial Reporting Standards.
IFA	Independent Financial Adviser.
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.
LIC	Liability for incurred claims – the insurance liability for claims and related expenses arising from insured events that have occurred but have not yet been fully settled at the reporting date.
LTI	Long-Term Incentive Scheme – 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.
RMF	Risk Management Framework.
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.
STI	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, CASLP and Chesnara Life UK.
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.

NOTE ON TERMINOLOGY

As explained in Note 5 to 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;
CL	Chesnara Life (UK) Limited (formerly HSBC Life (UK) Ltd) was acquired on 30 January 2026;
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 B.V.; Robein Leven N.V. acquired on 28 April 2022; and the insurance portfolio of Conservatrix acquired on 1 January 2023; Waard Leven merged into Scildon on 1 July 2025 and Waard Vezekeringen was dissolved on 31 December 2025.
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.

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