

24 March 2026

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**Chesnara plc (CSN.L)**  
("Chesnara" or "the Company")

## DRIVING STRATEGIC CHANGE, BUILDING FUTURE CASHFLOWS.

Chesnara reports its 2025 full year results, demonstrating a period of transformational strategic delivery with two major acquisitions announced over the past 12 months. Performance was underpinned by disciplined operational delivery alongside the impact of exceptional capital markets activity undertaken during the year, with significant year-on-year growth across our key performance indicators. The Group's updated financial metrics are used for the first time in these results, to support clearer understanding of the Group's performance and to facilitate comparison with peers.

### CASH:

- **Operating Capital Generation<sup>1</sup> (OCG)** of £94m, up 19% (FY 2024: £79m)
- **Cash Remittances<sup>2</sup>** of £58m, up 30% (FY 2024: £45m)

### CAPITAL:

- **Solvency Coverage Ratio** of 257%, up 54 percentage points (FY 2024: 203%)
- **Own Funds** of £859m, up 34% (FY 2024: £643m)

### VALUE:

- **Adjusted Operating Profit<sup>3</sup> (AOP)** of £56m, up 42% (FY 2024: £39m)
- **Assets under Administration<sup>4</sup> (AUA)** of £15bn, up 10% (FY 2024: £14bn)

### MAJOR STRATEGIC MILESTONES ACHIEVED:

- **HSBC Life (UK) acquisition completed in January 2026**, with the business rebranded as Chesnara Life, marking Chesnara's largest transaction and substantially increasing the scale of the Group.
- **Acquisition of Scottish Widows Europe SA announced in February 2026**, adding ~€1.7bn of AUA and ~46,000 policies, and creating a foothold in Luxembourg for future European consolidation.
- **UK integrations**, including Chesnara Life, progressing well.
- **Dutch entities successfully merged**, simplifying our footprint.
- **Successful £140m equity raise** with strong shareholder support.
- **£150m RT1 bond raise** at an attractive coupon.

In line with the announcement made at the time of the HSBC Life (UK) acquisition, the Board is recommending a **6%** increase in the final dividend to **14.80p** per share. Total dividend for FY 2025 of **22.50p** per share.

Commenting on the results and outlook, Steve Murray, Group CEO, said:

*"The Group has delivered strong financial results alongside two material deals, the acquisition of HSBC Life (UK) Ltd which completed in January 2026 and the proposed acquisition of Scottish Widows Europe SA. These deals are expected to significantly increase the Group's scale and longer-term Operating Capital*

*Generation potential. And we continue to see further opportunities to grow, with a positive M&A pipeline and a great track record of disciplined execution.”*

A full year results presentation will be held at 9:30am on 24 March 2026 – participants can register [here](#).

Further details on the financial results are as follows:

## 2025 FULL YEAR FINANCIAL AND STRATEGIC HIGHLIGHTS

### STRONG FINANCIAL DELIVERY AND 6% INCREASE IN FINAL DIVIDEND

		FY 2025	FY 2024	% increase
<b>CASH</b>	Operating Capital Generation (OCG)	£94m	£79m	19%
	Cash Remittances	£58m	£45m	30%
<b>CAPITAL</b>	Solvency Coverage Ratio	257%	203%	54pts
	Own Funds	£859m	£643m	34%
<b>VALUE</b>	Adjusted Operating Profit (AOP)	£56m	£39m	42%
	Assets under Administration (AUA)	£15bn	£14bn	10%

*A comprehensive reconciliation of the Group's Alternative Performance Measures (APMs) to GAAP metrics is provided within the Additional Information section of the 2025 Annual Report and Accounts.*

- **CASH:** Growth in OCG driven by robust operating performance in each of our business units and capital optimisation actions in the UK and at Group Centre. Sustained growth in OCG across our business units has driven strong year-on-year growth in Cash Remittances from the business units to Group Centre.
- **CAPITAL:** The Solvency Coverage Ratio of 257% is significantly higher than the upper-end of the Group's operating range. This provides ongoing capacity to pursue inorganic investment opportunities. The increase of 54 percentage points over 2025 was driven primarily by higher Own Funds from positive operating and economic variances and the impact of the Group's equity and debt issuances over 2025. The Group's solvency capital requirements benefited from the implementation of mass-lapse and foreign exchange hedging optimisation actions in the UK and the optimisation of foreign exchange hedging arrangements at Group Centre. On a proforma basis for the impacts of the recently completed Chesnara Life acquisition, we expect the Solvency Coverage Ratio to reduce to ~180%, still comfortably above our operating range; and we expect Own Funds to increase to ~£1bn.
- **VALUE:** Strong operating performance in each of our business units has contributed to a 42% increase in AOP, with the insurance result benefiting from the merger and simplification synergies in the Netherlands. The Group's AUA has also benefited from strong custodian inflows in Sweden and depreciation of GBP relative to the Swedish krona and the Euro. Post the completion of the Chesnara Life acquisition, on a proforma basis we expect the AUA of the Group to increase to ~£20bn.

### MAJOR STRATEGIC MILESTONES ACHIEVED

It has been a transformational period for the Group. We announced two major transactions, the completion of significant migration and restructuring activity and capital optimisation initiatives including:

- **Completion of the acquisition of HSBC Life (UK), rebranded as Chesnara Life, in January 2026:** Largest acquisition in Chesnara's history, announced in July 2025. The deal was funded through a combination of internal resources and a fully underwritten £140m equity raise, with a total consideration of £247m. Integration activities began in 2025, and a Part VII transfer is expected in 2027. The deal is expected to add £5bn of AUA, and deliver £140m of Cash Generation over the first five years, transforming our scale in the UK.
- **Announcement of the proposed €110m acquisition of Scottish Widows Europe in February 2026:** Expected to add €250m Cash Generation, €100m of which is in the first five years at a consideration of €110m. This deal continues our M&A momentum and marks our entry into Luxembourg, broadening continental European consolidation opportunities from a strong platform. Expected to complete around the end of 2026.
- Other strategic actions in the year
  - **Dutch merger completed**, simplifying the organisation and creating efficiencies, with integration to complete in 2026.
  - **Continued delivery** of the UK platform transformation programme, with further migrations to SS&C completed.
  - **Successful completion of Chesnara's RT1 bond debut issuance** raising £150m at an attractive coupon, providing flexible financing capacity for future M&A.
  - **£140m equity raise completed to fund the HSBC Life (UK) transaction**, receiving strong shareholder support.
  - **Admitted to the FTSE 250** in August 2025.
  - **Ongoing delivery of sustainability commitments**, including publication of the Group's first Climate Transition Plan in September 2025.
  - **New business growth**, driven by increasing demand for our UK onshore bond. Movestic also showed strong momentum, supported by expanded partnerships and a new distribution agreement in Norway.
  - **We completed a number of capital management actions** over the year. Key actions include: extension of our existing mass lapse reinsurance arrangements in the UK; introduction of a new FX hedge in the UK business; and renewal of the Group's FX hedge.
  - **Updated our Financial Framework** to simplify the investor story and align to peers.

## DIVIDEND DETAILS

- The recommended final dividend of 14.80p per share represents a 6% increase on the prior year and is expected to be paid on 20 May 2026. The ordinary shares will be quoted ex-dividend on the London Stock Exchange as of 2 April 2026. The record date for eligibility for payment will be 7 April 2026.

## ANALYST AND INVESTOR PRESENTATION

- A presentation for analysts and investors will be held at 09:30am GMT on 24<sup>th</sup> March 2026 at the offices of RBC Capital Markets, 100 Bishopsgate, London, EC2N 4AA, which will be available to join online and subsequently be posted to the corporate website at [www.chesnara.co.uk](http://www.chesnara.co.uk). To join the webcast, please register using the following link [here](#).
- Chesnara is also pleased to confirm that their management team will host a second live interactive presentation on the Engage Investor platform for retail investors, on 24<sup>th</sup> March 2026, at 3:30pm GMT. Chesnara welcomes all current and interested retail investors to join and encourages investors to pre-submit questions. Investors can also submit questions at any time during the live presentation. Investors can sign up to Engage Investor at no cost and follow Chesnara from their personalised investor hub. Register interest in this event [here](#).

### Investor Enquiries

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## Notes to Editors

Chesnara plc (CSN.L) is a FTSE 250 European life, pensions and investment company with specialist expertise in consolidation. We now administer c1.4m policies across the Group's business units of Countrywide Assured and Chesnara Life (formerly HSBC Life (UK) Ltd) in the UK, Scildon in the Netherlands and Movestic in Sweden. Following a three-pillar strategy, Chesnara's primary responsibility is the efficient administration of its customers' life and savings policies, ensuring good customer outcomes and providing a secure and compliant environment to protect policyholder interests. It also adds value by writing focused, profitable new business in the UK, Sweden and the Netherlands and by undertaking value-adding acquisitions of either companies or portfolios. Consistent delivery of the Company strategy has enabled Chesnara to increase its dividend for 21 years in succession. Further details are available on the Company's website ([www.chesnara.co.uk](http://www.chesnara.co.uk)).

## Notes

<sup>1</sup>**Operating Capital Generation (OCG):** OCG measures the amount of Solvency II capital the Group generates from operational activities.

<sup>2</sup>**Cash Remittances:** Cash paid by our Business Units to the Group, primarily consisting of dividends.

<sup>3</sup>**Adjusted Operating Profit (AOP):** AOP 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 Directors' view should be excluded by their nature or incidence to enable a full understanding of financial performance.

<sup>4</sup>**Assets Under Administration (AUA):** AUA reflects the value of the financial assets that the business administers, as reported in the IFRS Consolidated Balance Sheet.

**The Board approved this statement on 23 March 2026.**

### CAUTIONARY STATEMENT

This document may contain forward-looking statements with respect to certain plans and current expectations relating to the future financial condition, business performance and results of Chesnara plc. 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 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.

## 2025 FINANCIAL HIGHLIGHTS

### OPERATING CAPITAL GENERATION (OCG)<sup>1</sup>

**£94M**

2024: £79M

### CASH REMITTANCES<sup>2</sup>

**£58M**

2024: £45M

## SOLVENCY COVERAGE RATIO<sup>3</sup>

**257%**

31 December 2024: 203%

## OWN FUNDS<sup>4</sup>

**£859M**

31 December 2024: £643M

## ADJUSTED OPERATING PROFIT (AOP)<sup>5</sup>

**£56M**

2024: £39M

## ASSETS UNDER ADMINISTRATION (AuA)<sup>6</sup>

**£15BN <sup>Δ</sup>**

31 December 2024: £14BN<sup>Δ</sup>

<sup>Δ</sup> Includes impact of the second Canada Life portfolio acquisition, expected to Part VII and migrate during 2026

## IFRS PROFIT BEFORE TAX

**£19M**

2024: £21M

## IFRS CAPITAL BASE<sup>7</sup>

**£694M**

31 December 2024: £449M

### NOTES

Note that these results include the impact of the Rights and RT1 issuances, but *exclude* the impact of Chesnara Life which completed in January 2026 and the recently announced Scottish Widows Europe SA acquisition.

Items 1 to 7 below are Alternative Performance Measures (APMs) used by the Group to supplement the required statutory disclosures under IFRS and Solvency II (SII), providing additional information to enhance the understanding of financial performance. Further information on these APMs can be found throughout the Financial Review and in the APM appendix.

1. Operating Capital Generation (OCG) measures the SII capital that the Group generates from operating activities.
2. Cash Remittances represent cash paid by our business units to Group Centre, primarily consisting of dividends
3. 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 SII basis and the capital the business is required to hold – the SCR. Solvency can be reported as an absolute surplus value or as a ratio.
4. Own Funds is defined as Eligible Own Funds under the SII regime.
5. 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
6. Assets Under Administration (AuA) represents the sum of all financial assets on the IFRS balance sheet.
7. IFRS Capital Base is IFRS net equity plus the consolidated Contractual Service Margin (CSM) net of reinsurance and tax.

*\*In the UK, the final Prudential Regulation Authority (PRA) rules for Solvency UK became effective from 31 December 2024. The new regime has been referred to as 'Solvency II' throughout this report, in line with the name of the prudential regime in PRA policy material.*

## **NOTE ON TERMINOLOGY**

Following the completion of the acquisition of HSBC Life (UK) Ltd in January 2026, the business was renamed Chesnara Life, and is referred to as such from the Strategic Report onwards.

# **CHAIR'S STATEMENT**

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**“The Group has delivered a strong set of financial results, completed a transformational acquisition and announced a second significant acquisition. This has supported a 6% step up in the proposed final dividend, a Total Shareholder Return of 43% for 2025 and reinforced our belief that the Group can deliver sustainable long-term growth.”**

**LUKE SAVAGE, CHAIR**

## **Increase in the final 2025 dividend by 6%**

I am pleased to report that we are proposing that our shareholders will receive a final dividend of 14.80 pence per share, with the final dividend increasing by 6% on the prior year, supported by the acquisition of HSBC Life (UK), renamed as Chesnara Life following deal completion in January 2026. This increase reflects our confidence in the financial benefits of this acquisition and continues our impressive track record of continuous year-on-year dividend growth since listing over 20 years ago.

## **Financial Strength**

Our proposed dividend is again underpinned by strong levels of Operating Capital Generation and the strengthening of our balance sheet in 2025, despite a continued backdrop of volatile geopolitical and macro-economic factors.

Each of our operating divisions contributed to the Group's Operating Capital Generation of £94m, an increase of 19% compared to the same period in 2024 and against a total dividend cost of £52m.

Our strong Solvency II Coverage Ratio of 257% remains significantly above our normal operating range of 140% - 160% following the successful capital raises during the year. The Group's diversified business model and our risk-based approach to financial management is fundamental to providing financial security to our customers. Our strong and resilient balance sheet continues to provide us with considerable strategic flexibility to invest in our businesses and pursue further M&A opportunities as they arise.

## **Operational Execution**

Across the Group, our operating divisions have performed well in support of the Group's key strategic priorities.

We have completed a transformational acquisition in the UK, with Chesnara Life adding £5bn of Assets under Administration and expected to generate £140m Cash Generation over the next 5 years and £800m of lifetime Cash Generation. In July 2025 alongside the announcement of the proposed acquisition of HSBC Life (UK) acquisition, we raised £140m of equity capital through a Rights issue well supported by existing shareholders. We also extended the Group's Revolving Credit Facility (RCF), increasing the facility to £150m and raised £150m from the issuance of an RT1 bond, positioning us to pursue further M&A opportunities and strategic activity. The Group has also entered the FTSE 250, a strategic milestone reflective of the achievements in 2025.

In February 2026, we announced the proposed acquisition of Scottish Widows Europe SA for €110m, at an attractive multiple of 64% of Eligible Own Funds as at 31 December 2024. The Acquisition, another significant achievement for the Group, is expected to deliver €250m of Cash Generation over the lifetime of the policies held in the Scottish Widows Europe SA portfolio, with €100m of this Cash Generation occurring in the first five years.

In the UK, Countrywide Assured continued to implement its Transition and Transformation programme (T&T), consolidating policy administration, finance, and investment processes onto a single platform managed by SS&C, its strategic outsource partner with four migrations now complete. Planning is also underway for the integration of Chesnara Life, following the completion in January 2026.

In the Netherlands, we completed the legal merger of the Scildon and Waard businesses, with planned further integration, significantly simplifying our operating model in the Netherlands. In addition, Scildon's pension business was transferred to Allianz, allowing us to focus on expanding the individual life insurance portfolio.

In Sweden, we delivered strong growth in our custodian business, supported by the development of new partnerships and continued diversification of our distribution model. Overall, new business sales momentum remains robust, driven by ongoing enhancements to our product range and the continued digitisation of our service offering.

It has been another year of significant delivery across the Group and as ever, I want to thank colleagues for their continued efforts and dedication.

## Your Board

Throughout 2025, we maintained a strong focus on ensuring that the Group benefits from a diverse range of skills and expertise across our Boards, supporting effective governance and strategic decision-making.

Gail Tucker became an Independent Non-Executive Director in January 2025, chairing the Audit & Risk Committee and joining the Nomination & Governance Committee, following the departure of Jane Dale after completing her nine-year term. Gail brings with her decades of experience in the finance sector, further enhancing the Board's expertise and supporting robust financial oversight.

In May 2025, it was announced that after three successful years with Chesnara, Karin Bergstein stepped down as an Independent Non-Executive Director, and as a member of the Board, Nomination & Governance Committee, and Audit & Risk Committee. I would like to express my gratitude for her valuable contributions and support during this time and wish her every success in the future.

We welcomed Samantha (Sam) Tymms to the Board in June 2025. Sam brings extensive experience as a Non-Executive Director and advisor to global financial services businesses, adding significant capability and insight to our organisation.

In addition, Sam has substantial regulatory expertise, which will further strengthen our governance and support the Group's ongoing commitment to effective oversight and compliance.

### Purpose

At Chesnara, we help to protect customers and their dependents by providing life, health, and disability cover and also provide savings and pensions solutions to meet the future financial needs of our customers. These are very often customers that have come to us through acquisition, and we are committed to ensuring that they remain positively supported by us.

Maintaining our strong capital position and delivering strong and sustainable financial returns will always remain of key importance. It underpins our desire to offer compelling returns to our shareholders, to meet our debt investor coupon payments and importantly, to ensure our customers can be confident in the ongoing financial strength of our business.

We have always managed our business in a responsible way and have a strong sense of acting in a fair manner, giving full regard to the relative interests of all stakeholders. With this in mind, sustainability is a key part of the strategy of the Group and we continue to balance our responsibilities across the 3Ps – Profit, People and Planet. We are taking steps to further embed sustainability and the management of sustainability-related risks and opportunities into decision-making across the business. A key element of our transition to become a sustainable Chesnara are our plans to decarbonise. We published our first Climate Transition Plan in September 2025 which outlines the steps we are taking to become net zero by 2050. Our Annual Sustainability Report and Climate Transition Plan (available on the Chesnara website) provides further details of our sustainability commitments, long-term ambitions and the activities underpinning our sustainability strategy.

## Summary

Our 2025 financial results demonstrate that Chesnara's diversified business model continues to deliver strong Operating Capital Generation, sustained value growth, and positive returns for shareholders.

We have had a successful year for M&A, and the outlook continues to be positive, supported by a robust capital base and a clear ambition for growth. We are well positioned to pursue further value-accretive acquisitions.

Luke Savage,  
Chair  
23 March 2026

# CHIEF EXECUTIVE OFFICER'S REPORT

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**“The Group has again delivered strong financial results alongside two material deals. The acquisition of HSBC Life (UK) Ltd and the proposed acquisition of Scottish Widows Europe SA are expected to materially increase the Group’s scale and longer term Operating Capital Generation potential.”**

## STEVE MURRAY, CEO

2025 saw the Group take a number of material steps forward whilst remaining focused on driving delivery in our three areas of strategic focus, namely:

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.

We have again delivered strong full year financial results with Operating Capital Generation of £94m, and a continued strong Solvency Coverage Ratio of 257%. The acquisition of HSBC Life (UK), renamed as Chesnara Life following deal completion in January 2026, is the largest deal in our history and will transform the scale of our UK business. It is expected to add total lifetime Cash Generation of over £800m with the addition of the business meaning the Group now looks after c1.4m policies across the UK, Netherlands and Sweden with c£20bn of AuA. We also welcomed an additional 206 colleagues to Chesnara in January 2026. Our confidence in the long-term value that this acquisition will bring to the Group, alongside our strong financial results in 2025 has led to a proposed step up in the final dividend of 6% to 14.80p<sup>4</sup> per share.

To support the acquisition, we raised £140m (before costs) of capital through a strongly supported rights issue, followed by Chesnara joining the FTSE 250 for the first time on 18 August 2025, marking a major step since its 2004 listing. Post the rights issue, we secured £150m in Restricted Tier 1 debt at a pre tax coupon of 8.5%, replenishing the Group’s central resources available for strategic development including acquisitions.

In February 2026, we announced the proposed acquisition of Scottish Widows Europe SA, a clear further demonstration of our ability to execute on our M&A strategy. The acquisition 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, with €100m of this cash generation occurring in the first five years. It also marks our entry into Luxembourg, providing a new platform for in-market and wider European consolidation and expansion.

We are pleased that another major financial institution, Lloyds Banking Group, has chosen us to look after their policyholders. We look forward to welcoming Scottish Widows Europe SA policyholders and new colleagues to Chesnara with the completion of the acquisition expected around the end of 2026, subject to customary regulatory approvals.

The estimated pro-forma position of the Group post these acquisitions is over £1bn of Own Funds, which represents a near doubling over the last 5 years, post the payment of c£160m of dividends over the same period and includes capital raised of £490m.

The merger of our Dutch businesses this year also creates a more sustainable combined business, simplifying the Group’s structure and providing efficiency and capital benefits.

Finally, we introduced new Alternative Performance Measures (APMs) which we believe should be simpler for investors to understand whilst also being more comparable with other listed peers. These metrics reduce the short term volatility that can arise from market movements and adopting APMs such as OCG that are more widely used across the industry. Tom introduces these measures in his report, including how they help stakeholders better understand the operating value drivers of the Group.

## Operational delivery continues

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

The UK has continued to deliver on its Transition and Transformation (T&T) programme. It has so far delivered four successful migrations to our new operating platform managed by SS&C Technologies (SS&C) and is

leveraging AI to potentially accelerate future migration timelines. Extensive work has already been conducted on the planned migration of the HSBC Life (UK) Ltd business, now rebranded as Chesnara Life, onto our UK operating platform. We expect this migration to be largely completed by the end of 2026. We have confirmed that the Chesnara Life onshore bond will remain open for new business and we see further opportunities to expand our distribution partnerships in this space. And on protection, we have already communicated to the market the close of this product area to new business.

In Sweden, the team expanded its custodian distribution network, partnering with a savings platform targeting digital-only wealth builders in early 2025. Following this, the division also announced a new partnership with a traditional life insurer, enhancing occupational pension offerings with life insurance solutions. And a new partnership has also been established in Norway, for the distribution of life and health products in the Norwegian market. These collaborations will help diversify the Company's distribution channels.

As mentioned above, in the Netherlands, the team completed the legal merger of Scildon and Waard in July 2025 as part of plans to integrate our Dutch businesses. 2026 will see us progress with the next phase of work aligning IT systems, harmonising product portfolios, and streamlining organisation design and wider governance where appropriate to improve scale and efficiency and deliver synergies. Additionally, the disposal of Scildon's Defined Contribution pension portfolio led to its migration to Allianz Benelux, removing a product line that we felt was unlikely to generate an acceptable longer term return.

Each of our businesses continues to serve our customers well. In Sweden, enhancements to products and services have addressed the demand for tailored solutions, including the introduction of the 'Pension Lab', which empowers users to manage their pensions effectively. Scildon has continued to advance its digital capabilities with notable improvements to both customer and advisor portals. In the UK, further progress has been made on fair value commitments, and customer terms have been improved through initiatives such as the removal of exit charges.

## Becoming a sustainable Chesnara

We continue to believe that becoming a more sustainable business and net zero group remains in the best longer-term interests of all of our stakeholders, including customers, staff, regulators, investors and the planet. Becoming sustainable is dependent on a number of external factors. However, the structures and processes we have put in place to embed sustainability into decision-making gives us the foundation to successfully manage the risks and opportunities that are presented by a changing world.

The Group's first Climate Transition plan was published in September 2025, detailing the steps we will take to continue our journey to become a net zero group by 2050. Alongside this, we will continue to take steps to embed sustainability into decision-making across our business, guided by our principles:

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

We have also published our Annual Sustainability Report and this is available, together with the Climate Transition Plan, on our website. Our Annual Sustainability Report details our sustainability commitments, long-term ambitions and the activities underpinning our sustainability strategy.

## We delivered on M&A and further management actions

Over the past twelve months, we have announced two significant acquisitions: Scottish Widows Europe SA announced in February 2026; and HSBC Life (UK) Ltd, now rebranded as Chesnara Life, announced in July 2025 and completed in January 2026. In February 2026, Chesnara was recognised by the PLC Awards, receiving the coveted 'Transaction of the Year' award for the HSBC Life (UK) Ltd acquisition.

The proposed acquisition of Scottish Widows Europe SA marks another significant strategic milestone for Chesnara. As well as adding material future cash generation potential, this transaction expands our presence in Europe, broadening the opportunity set for future cross-border consolidation. This supports the Group's strategy of being a leading European life and pensions and investment company with specialist expertise in consolidation. The acquisition is testament to our disciplined approach to M&A, as we continue to identify opportunities that add genuine value for our customers and stakeholders.

Alongside our M&A achievements, we have continued to implement management actions to strengthen the Group's financial position, including mass-lapse reinsurance and foreign exchange hedging arrangements. These actions collectively enhance solvency resilience, reduce earnings volatility, and support long-term stability.

## Growth in new business

Schildon's new Mortgage Lifestyle proposition has driven growth in New Business Contribution (NBC) throughout the year. Movestic delivered strong custodian inflows through its expanded distribution network. In the UK, continued sales of onshore bonds have maintained momentum, contributing to a Group New Business Contribution (NBC) for the year of £12m. The addition of the Chesnara Life onshore bond capability should provide us with opportunities to increase the NBC going forward whilst ensuring the business we write continues to make an appropriate return.

## People changes

Luke has highlighted some of the Chesnara Board level changes we have made this year. Alongside these Board developments, Al Lonie took up the role of Group Company Secretary at the start of 2025 having served as my Chief of Staff the previous year. His previous Company Secretarial experience combined with his wider market experience will help ensure our plc governance remains strong and fit for purpose as we look to further scale the business. Emma Dawe joined Chesnara in April 2025 as Group General Counsel reporting to me. Her arrival brings considerable legal and commercial expertise, especially on M&A, and further strengthens the Group's Senior Leadership Team and our wider internal M&A capabilities.

Gavin Hughes moved into the role of Group Chief Actuary at the end of 2025, reporting to Tom Howard, having previously been in the role of Group Chief Risk Officer. Following Gavin's move, we were pleased to welcome Niamh Carr from WTW as Interim Group Chief Risk Officer, ensuring strong continuity of risk leadership and further enhancing the Group's capability in managing risk across all business areas. An open market search is well progressed for a permanent Group Chief Risk Officer.

As part of the merger of our Dutch business, we also confirmed that Pauline Derkman and Edwin Bekkering would continue as CEO and CFRO respectively for the enlarged business. Both have already done an impressive job delivering the first phase of the planned merger.

Also worthy of highlighting was Chesnara's position in the 2025 FTSE Women in Leadership review published in February 2026. Gathering data from FTSE 350 organisations and eligible private companies, this review aims to improve the representation of women on Boards and in senior leadership across the UK. In its fifth year of being published, it is the first year Chesnara has been included since entering the FTSE 250. The report ranks Chesnara first in insurance, second overall in the FTSE 250 for women in leadership, and second across the FTSE as a whole, with 56.7 percent representation across our Executive Committee and their direct reports. This places us well ahead of the Review's voluntary target of 40 percent representation by the end of 2025.

## Outlook

2025 has marked another year of unprecedented events and wider market volatility with shifting global trade dynamics and geopolitical developments. Currency movements, particularly the weakness of the US dollar against most European currencies, have also been a notable feature.

Against these conditions, Chesnara's business model continues to demonstrate its resilience and ability to generate cash across a wide range of market environments. We expect the addition of Chesnara Life and Scottish Widows Europe SA to further support this resilience and materially enhance the size of the Group and our longer term Operating Capital Generation potential. This underpins our confidence in the Group's financial strength and ability to deliver sustainable value for investors.

Looking into 2026 and beyond, we continue to see a very healthy pipeline of acquisition opportunities and remain positive about the outlook for further M&A. Our disciplined approach and strong capital position mean we are well placed to execute value-accretive transactions. 2025 was a transformative one for the Group and a year where our people have done a terrific job delivering across our key strategic initiatives. Going forward, we have increased confidence we can materially grow the group and deliver further value for our investors.

Steve Murray,  
Chief Executive Officer  
23 March 2026

<sup>A</sup> Dividend per share has been rebased to reflect the Rights Issue bonus factor of 1.15x applied to historical dividend per share metrics.

# CHIEF FINANCIAL OFFICER'S REPORT

**“2025 was a year of strong financial performance, delivered alongside significant strategic and operational milestones for the Group. Our continued momentum has**

**driven growth in each of the metrics that underpin our updated financial framework, and we are confident in the Group’s longer-term performance outlook”**

**TOM HOWARD, CFO**

**Overview**

In 2025, the Group performed strongly across all of its financial framework performance metrics. The Group reported growth of 19% in Operating Capital Generation (OCG) and 42% in Adjusted Operating Profit (AOP).

The Solvency Coverage Ratio of 257% remains significantly above our operating range of 140% to 160% and we expect the balance sheet to remain strong and resilient following the completion of the Chesnara Life acquisition.

Following the announcement of the Scottish Widows Europe SA acquisition in February, we expect the pro forma Solvency Coverage Ratio to remain above the Group’s operating range of 140%-160%. The Group’s Leverage Ratio is also expected to remain below our longer-term ambition of 30% or less.

This combination of balance sheet strength and operating performance leaves the Group well positioned to invest in the business, pursue further accretive M&A opportunities and continue to provide an attractive regular dividend to our shareholders.

We have announced a 6% increase in the final dividend per share to 14.80p, the 21<sup>st</sup> consecutive year that the Group has increased returns to shareholders.

*Δ Dividend per share has been rebased to reflect the Rights Issue bonus factor of 1.15x applied to historical dividend per share metrics*

**Our Financial Framework**

Our Financial Framework is designed to deliver long-term, sustainable growth in cash, capital and value. In reporting the performance of the Group against this framework, we use measures calculated in accordance with Generally Accepted Accounting Principles (‘GAAP’) alongside Alternative Performance Measures (‘APMs’) calculated on a non-GAAP basis.

<b>CASH</b>	<b>CAPITAL</b>	<b>VALUE</b>
<b>Operating Capital Generation</b> <b>£94m</b> FY24: £79m	<b>Solvency Coverage Ratio</b> <b>257%</b> FY24: 203%	<b>AuA</b> <b>£15bn</b> FY24: £14bn
<b>Cash Remittances</b> <b>£58m</b> FY24: £45m	<b>Own Funds</b> <b>£859m</b> FY24: £643m	<b>Adjusted Operating Profit</b> <b>£56m</b> FY24: £39m
<b>Final dividend</b> 14.80p per share, <b>up 6%</b> year on year		

To support the evolution of our financial framework, we have introduced the following APMs

**Operating Capital Generation (OCG)**

OCG is the Solvency II surplus generated from underlying operating performance across the Group. It provides a transparent measure of the Group’s sustainable Solvency II Surplus Generation by looking through fluctuations from short-term market impacts and non-recurring costs associated with the Group’s M&A strategy and long-term investments into the business units. OCG has replaced Cash Generation as the Group’s primary measure of long-term Solvency II surplus generation.

## Cash Remittances

Cash Remittances are the cash paid by the business units to Group Centre for the relevant reporting year. Over the long term, sustainable and increasing OCG will increase the solvency surplus within the Group's business units, supporting stronger levels of Cash Remittances to Group Centre. This will support the Group's working capital requirements, investment and M&A opportunities and capital returns to shareholders.

## Adjusted Operating Profit (AOP)

AOP is a measure of the Group's IFRS performance using long term assumptions for the Group's investment and insurance portfolios. It is less exposed to short-term market volatility and so provides a more sustainable view of the Group's ongoing earnings profile. It also provides an underlying view of the Group's earning progression by omitting non-recurring items such as one-off costs associated with the Group's M&A strategy.

These APMs enhance our financial framework by:

- providing enhanced disclosure of the Group's operational performance;
- removing volatility from short-term market movements and exceptional items to show the underlying; sustainable performance of the Group; and
- aligning more closely with the APMs used by our peer group.

## Operating Results

OCG increased by 19% to £94m (FY24: £79m) driven by robust operating performance in each of our business units, and the impact of capital optimisation actions in the UK business and at Group Centre.

Cash Remittances from the Group's business units increased by 30% to £58m supported by the ongoing growth in OCG across the Group.

The Group remains strongly capitalised with a Solvency Coverage Ratio of 257%, an increase of 54 pts (FY24: 203%). This increase was driven primarily by higher Own Funds from positive operating and economic variances and the impact of the Group's equity and debt issuances over 2025. The Group's solvency capital requirements were positively impacted by the implementation of mass-lapse and foreign exchange hedging optimisation actions in the UK and foreign exchange hedging arrangements at Group Centre.

Adjusted Operating Profit (AOP) increased by 42% to £56m (FY24: £39m) primarily from robust operating experience within the Group's insurance-classified portfolios. When including non-operating items, such as investment variances and financing and restructuring costs, the Group's profit before tax moved from £21m to £19m remaining broadly consistent year on year.

## Business Performance

### UNITED KINGDOM

Own Funds increased by £10m (FY24: £29m) whilst the Solvency Capital Requirement (SCR) reduced by £6m (FY24: decrease of £5m), resulting in a Solvency Coverage Ratio of 155% (FY24: 182%). The growth in Own Funds arose from both positive economic and operating results on the in-force book, supported by the writing of profitable new business over the period. The extension of mass-lapse reinsurance arrangements to include the Canada Life portfolio (acquired in 2024) and the wider UK portfolio, along with the implementation of a foreign currency hedge supported the reduction in SCR. These actions contributed to an increased OCG result of £41m (FY24: £32m). The AOP of £19m was 55% higher than the prior-year (FY24: £11m) with robust operating performance partially offset by a lower insurance result from loss components within the IFRS17 result and an IFRS Profit Before tax result of £33m (FY24: £28m). The Solvency II surplus of £31m (FY24: £60m) remained comfortably above the UK's Board risk appetite level and Cash Remittances of £45m were 32% higher than the prior-year (FY24: £35m).

### SWEDEN

Own Funds increased by £24m (FY24: increase of £15m) whilst SCR increased by £20m (FY24: increase of £5m), resulting in a Solvency Coverage Ratio of 146% (2024: 153%). Own Funds increased from positive equity

market movements, dampened by the negative impact of the depreciation of the US dollar relative to the Swedish krona, particularly in the first half of the year. SCR also increased due to higher market risk requirements. The Swedish business unit held a Solvency II surplus of £37m (FY24: £40m) which is above its Board's risk appetite level with Cash Remittances of £6m to Group Centre (FY24: £4m) and OCG of £14m (FY24: £10m). AOP of £11m (FY24: £13m) arose primarily from the investment result contribution and an IFRS Profit Before Tax result of £5m (FY24: £10m) due to the actual investment return impact.

## NETHERLANDS

Own Funds increased by £41m (FY24: £4m decrease) whilst SCR increased by £6m (FY24: £7m decrease), with a closing Solvency Coverage Ratio of 265% (2024: 237%). Own Funds and OCG of £36m (FY24: £30m) benefitted from the cost synergies arising from the merger of the two Dutch entities. The Netherlands business unit's Solvency II surplus of £89m (FY24: £75m) above its Board's risk appetite levels with Cash Remittances to Group Centre of £7m (FY24: £7m). Increased AOP of £23m, (FY24: £17m) benefitted from lower loss component experience relative to FY24 following the sale of Scildon's group pension business, effective from September 2025, with an IFRS Profit Before Tax result of £33m (FY24: £5m) positively impacted by economic returns.

*Note all Own Funds and SII Surplus numbers above are quoted pre-foreseeable Cash Remittances and the FY24 comparators for the Netherlands are the aggregated amounts of the reported results of Scildon and Waard on a pre-merger basis.*

## Cash & Capital

### OPERATING CAPITAL GENERATION

£m	FY25	FY24
UK	41	32
Sweden	14	10
Netherlands	36	30
Group Centre	3	7
<b>Total</b>	<b>94</b>	<b>79</b>

OCG of £94m provides 1.8x coverage of the Group's dividend cost, reflecting the Group's ability to comfortably generate sufficient operational capital to meet ongoing dividend costs with strong contributions from each business unit.

Management actions are an important component of our strategy to maximise value from existing business and are included within the OCG measure. In 2025, the UK business unit implemented a currency hedge, to enhance capital efficiency relating to foreign exchange risk. The UK also extended existing mass-lapse reinsurance arrangements to include the most recent Canada Life portfolio acquisition and most recently the wider UK book. This will provide the Group with further capital relief against the risk of extreme lapse events. The Group has also renewed and rebalanced the Group's foreign exchange hedge, releasing capital and generating OCG of £9m.

### CASH REMITTANCES

	FY25	FY24
<b>Cash Remittances (£m)</b>	<b>58</b>	<b>45</b>

Cash Remittances represent the cash paid from the Group's business units to Chesnara Group Centre, with 2025 Cash Remittances of £58m (FY24: £45m). The increase is driven by a strong Cash Remittance from the UK following the execution of management actions.

### SOLVENCY COVERAGE RATIO

<b>Solvency Coverage Ratio FY 2024</b>	<b>203%</b>
Operating Capital Generation	<b>47%</b>

Investment Variances (including FX)	(25%)
Capital Raises (net of integration & restructuring)	54%
Tiering Restrictions	(6%)
Dividends	(16%)
<b>Solvency Coverage Ratio FY 2025</b>	<b>257%</b>

The Group's Solvency Coverage ratio has increased following the debt and equity raises completed earlier in the year. The increase is also reflective of OCG of £94m (FY24: £79m), driven by a combination of several factors. These include: positive operational growth; cost savings efficiencies from the merger of the Group's operating entities in the Netherlands; and the execution of capital management actions within the UK business unit and at Group Centre.

## OWN FUNDS

<b>Own Funds at FY 2024</b>	<b>643</b>
Operating Own Funds Generation	58
Non-operating Own Funds Generation	22
Capital Raises (net integration & restructuring)	208
Tiering Restrictions	(19)
Dividends	(52)
<b>Own Funds at FY 2025</b>	<b>859</b>

The Group's Own Funds have increased by £216m over the year largely due to the capital raises in the year as well as robust operating performance, offset with strategic expenditure, an increase in restrictions and shareholder dividends.

## Value

### ADJUSTED OPERATING PROFIT

£m	FY25	FY24
UK	19	11
Sweden	11	13
Netherlands	23	17
Group Centre	3	(2)
<b>Adjusted Operating Profit</b>	<b>56</b>	<b>39</b>
Non-Operating Adjustments	(37)	(18)
<b>IFRS Profit Before Tax</b>	<b>19</b>	<b>21</b>

Adjusted Operating Profit (AOP) of £56m (FY24: £39m) has been driven primarily by the expected investment return on shareholder assets. It was also impacted by the reversal of Scildon's Group pension loss component following the completion of its sale to Allianz during the year, effective from 30 September 2025. 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 operating performance.

### IFRS CAPITAL BASE

	£m
<b>Capital Base FY24</b>	<b>449</b>
Capital Raises (net of costs)	280
Adjusted Operating Profit	56
Non-operating adjustments	(37)
CSM movement	(4)
Tax	(29)
Other comprehensive income	23
Shareholder Dividends	(42)
Other	(2)
<b>Capital Base FY25</b>	<b>694</b>

IFRS Capital Base increased by £245m over 2025 driven by the capital issuances completed in July 2025. This was supported by business performance with positive contributions from profitable new business activity and portfolio growth following the Part VII of the Canada Life protection portfolio.

## LEVERAGE

	FY25	FY24
<b>Leverage %</b>	<b>22%</b>	<b>31%</b>

Leverage\* has reduced to 22% (FY24: 31%) following the Rights and RT1 issuances and positive business performance supporting the IFRS Capital Base. This remains well below the Group's long-term ambition of 30% or less.

## AUA

	FY25	FY24
<b>AuA (£bn)</b>	<b>15</b>	<b>14</b>

The Group's AuA is now £15bn, which reflects strong custodian inflows in Sweden and depreciation of GBP relative to the Swedish krona and the Euro. On a pro-forma basis, AuA exceeds £20bn after allowing for the impact of the Chesnara Life acquisition as at 31 December 2025.

## Shareholder Dividends

The Group's continued strong financial delivery alongside the completion of the Chesnara Life acquisition in January 2026 has supported the directors' decision to recommend a 6% increase in the final dividend to 14.80p<sup>4</sup> per share (2024 final rebased: 13.96p<sup>4</sup> per share). This will be the 21<sup>st</sup> consecutive year that the Group has increased returns to shareholders.

## Summary

The Group's continued focus on delivering its operational and strategic priorities has driven strong financial outcomes across all key metrics during the year.

The acquisition of Chesnara Life and Scottish Widows Europe SA are significant strategic milestones for Chesnara, significantly enhancing the long-term financial profile of the Group. In addition, the successful equity and debt issuances have strengthened the Group's balance sheet providing additional financial flexibility against the backdrop of an active and attractive market for further M&A opportunities.

On a pro-forma basis, we anticipate the acquisitions will satisfy the requirements of our capital allocation framework, with a pro-forma leverage ratio of c20% and a Solvency Coverage Ratio of c180% post Chesnara Life, as at 31 December 2025. The two recent transactions have added more than £1bn of future lifetime Cash Generation, and we are looking forward to integrating the businesses and delivering increased value for our investors.

Tom Howard,  
Chief Financial Officer  
24 March 2026

<sup>\*</sup> Leverage is presented in line with the Fitch basis of calculation. For further information, please see Alternative Performance Measures in the Additional Information section.

<sup>^</sup> Dividend per share has been rebased to reflect the Rights Issue bonus factor of 1.15x app

## STRATEGIC REPORT

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### BUSINESS REVIEW | UK

Countrywide Assured (CA) provides financial protection, ranging from pensions and savings to life cover and critical illness benefit. CA writes new business via its onshore bond proposition via third party platform links. and this market position is expected to be further strengthened through the acquisition of Chesnara Life in 2026.

- Operating Capital Generation £41m (FY24: £32m)
- Cash Remittances £45m (FY24: £35m)
- Solvency Coverage Ratio (pre foreseeable Cash Remittance) 156% (FY24: 182%)
- Solvency Coverage Ratio (post foreseeable Cash Remittance) 130% (FY24: 135%)
- Own Funds £118m (FY24: £130m)
- AuA £6bn (FY24: £6bn)
- Adjusted Operating Profit £19m (FY24: £11m)

#### MAXIMISE VALUE FROM EXISTING BUSINESS

##### CAPITAL AND VALUE MANAGEMENT

In line with its long-term strategy, CA continues to implement its Transformation programme to consolidate policy administration, finance, and investment processes onto a single platform managed by SS&C, its strategic outsource partner. The programme is progressing positively with four books migrated successfully over 2025. The second acquired book of onshore bond business from Canada Life is scheduled to migrate and Part VII mid-2026.

CA executed several capital management initiatives during the year including the extension of pre-existing mass-lapse reinsurance coverage on the in-force portfolio, the application of new mass-lapse treaties to the onshore bond and pension business acquired from Canada Life, and a foreign exchange currency hedge to reduce exposure to US Dollar and Euro volatility.

##### CUSTOMER OUTCOMES

Delivery of good customer outcomes continues to be a core priority with a focus on maintaining good service, delivering competitive fund performance and ensuring fair value with clear communications and proactive support for more vulnerable customers. In the last year, we have taken our fair value commitments further and enhanced customer terms with a range of initiatives including removing exit charges, capping charges on low value policies, reducing risk charges and refreshing communications.

The focus remains on ensuring operational and financial resilience across all core services and CA successfully met the March 2025 regulatory deadline to confirm compliance with the new Operational Resilience requirements.

### **GOVERNANCE**

Strong governance and constructive regulatory relationships remain fundamental to achieving our strategic goals, with management maintaining a clear focus on evolving and maintaining robust governance frameworks.

The business has also continued to drive forward its Sustainability Plan delivering initiatives across social, operational, financial, governance and reporting workstreams. A key area of focus has been supporting the publication of the Group's first Climate Transition Plan which was issued in September 2025.

### **FUTURE PRIORITIES**

- Ongoing delivery of the Transformation agenda. Continued identification and implementation of capital management initiatives to optimise Operating Capital Generation.
- Continued focus on strong customer service and delivering good customer outcomes.
- Maintaining positive and constructive relationships with regulators and continued compliance with relevant regulations.
- Continued support and implementation of the Group's Climate Transition Plan and UK-based sustainability initiatives.

## **ACQUIRE LIFE AND PENSIONS BUSINESSES**

The Group's acquisition of Chesnara Life (formerly HSBC Life (UK)) marks a transformational milestone for the UK business, delivering significant scale and efficiency benefits. The transaction will more than double the UK policy count, and add £5bn of assets under administration, extending our presence in the onshore bond market and with closed products that complement the UK's existing portfolio.

Following the legal transfer of control in January 2026, the policy administration, finance and investment processes of Chesnara Life will be migrated to S&C Technologies with remaining functions integrated into the UK business. It is anticipated a Part VII transfer will be completed by the end of 2027.

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

### **FUTURE PRIORITIES**

- Integration of the Chesnara Life business within the UK target operating model.
- Continued development of a market leading approach to accelerated migrations leveraging AI technology and increased automation.
- Continue to support the Group in the identification, assessment and delivery of UK acquisitions.
- Continue to deliver strong financial outcomes from previously completed acquisitions.
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## **ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS**

CA has continued to generate positive new business profits through increased volumes of the on-platform onshore bond with New Business Contribution of £3m (FY24: £2m) and APE of £16m (FY24: £13m). This continued growth reflects our attractive proposition for customers coupled with increased market demand for the product. The increased market demand is driven by reductions in personal tax allowances over the last few years and inheritance tax on pensions from 2027.

We are committed to supporting the adviser community and have enhanced the CA website with a dedicated 'Adviser Hub' for the onshore bond that provides detailed technical information, tax calculators and other helpful tools and information.

There is continued interest from new platforms seeking to host the CA onshore bond including the recently announced partnership with AJ Bell to distribute its onshore investment bond via the AJ Bell Investcentre platform, broadening adviser access to the Group's UK onshore bond proposition. We anticipate further platform launches and strategic partners in 2026, supporting continued growth in new business volumes.

## FUTURE PRIORITIES

- Integration of Chesnara Life onshore bond into CA.
- Leveraging distribution synergies and strategic opportunities between the Chesnara Life and CA onshore bond.
- Improved digital integration with platforms for customers and advisers.
- Continued work to strengthen the advisor and customer proposition.
- Embedding new platform relationships and supporting all platforms to increase flows into the product.

## CHESNARA CULTURE AND VALUE PRINCIPLES

### **Responsible risk-based management for the benefit of all our stakeholders**

- Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.
- Delivery of capital management actions including implementation of a mass lapse reinsurance arrangement and a foreign exchange hedge designed to mitigate the business's exposure to fluctuations in foreign currencies within the unit-linked business.

### **Fair treatment of customers**

- Embedded FCA Consumer Duty requirements, ensuring clear, concise communications and fair value assessments.
- Enhanced website accessibility tools and additional flexibility and support for vulnerable customers.

### **Maintain adequate financial resources**

- Delivery of strong Operating Capital Generation to support of Group's progressive dividend policy.
- Maintenance of strong capital solvency well above regulatory minimums.

### **Provide a competitive return to Investors**

- Continued support of Group's consistent dividend flow through efficient management of closed books and cost control.
- Contribution to strategic acquisitions, enhancing long-term value.

### **Robust regulatory compliance**

- Successfully met the 31 March 2025 FCA deadline for Operational Resilience compliance.
- Clear engagement with regulators during Part VII transfers and acquisitions, maintaining constructive regulatory relationships.

### **A just transition to a sustainable group**

- Support of Group's first Climate Transition Plan, published September 2025.
- Embedded sustainability principles "Do no harm, Do good, Act now for later" into decision making, including our decisions in relation to our offices and increasing operational footprint.
- Promoted community impact initiative including staff volunteering charitable giving and involvement in internship schemes.

### **Responsible risk-based management for the benefit of all our stakeholders**

- Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.
- Delivery of capital management actions including implementation of a mass lapse reinsurance arrangement and a foreign exchange hedge designed to mitigate the business's exposure to fluctuations in foreign currencies within the unit-linked business.

## BUSINESS REVIEW | SWEDEN

Movestic is a life and pensions business which is open to new business. It offers personalised unit-linked pension and savings solutions, as well as life and health products, directly through brokers and its direct channel. It also provides a custodian product via several private banks and is well regarded across all client segments.

- Operating Capital Generation £14m (FY24: £10m)
- Cash Remittances £6m (FY24: £4m)
- Solvency Coverage Ratio (pre foreseeable Cash Remittance) 146% (FY24: 153%)
- Solvency Coverage Ratio (post foreseeable Cash Remittance) 142% (FY24: 151%)
- Own Funds £201m (FY24: £184m)
- AuA £7bn (FY24: £5bn)
- Adjusted Operating Profit £11m (FY24: £13m)

### MAXIMISE VALUE FROM EXISTING BUSINESS

#### CAPITAL AND VALUE MANAGEMENT

Whilst policyholder investment performance benefited from strong global equity market returns over 2025, this was offset by a significant weakening of the US dollar relative to the Swedish krona. AUA growth was supported by strong net client cashflow, mainly driven by robust inflows into the custodian product, resulting in an increase of 16% during 2025.

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

Whilst the transfer market for brokered occupational pension products continues to remain active within the Swedish market, the volume of business transferred from Movestic reduced relative to 2024, improving year-on-year persistency experience. On a total level, the net client cash flow within the pension and savings area amounted to a positive £807m, which is an increase of 62% compared to prior year.

#### CUSTOMER OUTCOMES

During 2025, Movestic continued to enhance its products and services to meet the increasing demand for individually-adapted solutions. From 1 January 2025, Movestic offered customers the possibility to pause withdrawal of occupational pension within the first five years. The "Movestic Freedom" concept, which assists customers in planning their retirement, gained significant momentum with strong adoption in 2025 and is expected to maintain high uptake rates going forward.

In Q4 2025, the 'Pension Lab' was launched – a new online tool that helps users take control of their pension. It offers easy-to-use visualisations of how different choices can impact future retirement income and is available to everyone on the Movestic website. The company also offers a digital service that allows customers to easily manage their pension payments. The service is highly valued by both customers and brokers, and its functionality was further enhanced during the year.

A brand survey shows increased awareness of the Movestic brand, especially within the core customer segment. The yearly customer and broker satisfaction surveys delivered strong results, exceeding target levels.

#### GOVERNANCE

Movestic's sustainability programme supports the Group's strategy and commitments, guiding its sustainability efforts and targets.

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

The Digital Operational Resilience Act (DORA) came into force in 2025, with Movestic compliant to the requirement and work undertaken to embed the regulation as part of ongoing operations

Updated Solvency II regulations are to be implemented in Swedish law by 30 January 2027 and will entail new requirements on capital and governance.

New EU-harmonised Anti-Money Laundering (AML) regulations are also to be implemented into Swedish law by 10 July 2027. AI Act will apply in full from 2 August 2026, imposing requirements on AI systems with a focus on consumer protection, ethics and transparency. For insurance companies, the AI Act will introduce requirements for the use of AI tools within customer interactions, underwriting, pricing and claims handling. The requirements have been incorporated into Movestic's internal governance document which is revised annually in line with the schedule of the AI Act.

#### **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.
- Continue to drive automation and process improvements to increase scale and reduce cost per policy, including expanding the use of AI.
- Monitor developments in the regulatory landscape.

### **ACQUIRE LIFE AND PENSIONS BUSINESSES**

Movestic together with the Group team are continuously engaging with other market participants and investment bank advisors in order to understand and assess potential opportunities for inorganic 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 with a Custodian product new sales market share of 16% on a rolling 12 month basis (2024: 12%) helping to deliver New Business Contribution of £3m (FY24: £5m) and APE of £136m (FY24: £100m). During Q1 2025, a collaboration with a new type of partner was established, launching a savings platform aiming for customers within the segment of digital only wealth builders. This provides further diversification in distribution for the company. During Q2 2025, a new custodian occupational pension product was also launched. The pipeline for new potential partnerships continues to be strong.

Furthermore, Movestic has continued to develop its wider ecosystem of partners. Relationships with existing partners have deepened, enabling increased cross-selling between savings and health insurance. In Q4 2025, a new partnership was announced with a traditional life insurance company. This collaboration expands the occupational pension offering by introducing traditional life insurance solutions, providing customers with greater flexibility and choice.

During the year, Movestic continued to strengthen its focus on growing the life and health business by introducing new product offerings and implementing further technical integrations within the broker channel. At the end of the year, a further new partnership was announced, for the distribution of life and health insurance in the Norwegian market. This collaboration further reinforces the division's strategic focus on life and health insurance and establishes a presence in the Norwegian market.

#### **FUTURE PRIORITIES**

- Continue building customer value and loyalty through further enhancement of the product offering, consisting of individually adapted pension and savings and life and health products, and associated digital services. Focus on both growing new business and retention activities.
- 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.

- Continue developing the life and health insurance business to broaden business model diversification and offer customers a comprehensive range of products and services.

## CHESNARA CULTURE AND VALUE PRINCIPLES

<b>Responsible risk-based management for the benefit of all our stakeholders</b>	- Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.
<b>Fair treatment of customers</b>	- Fair treatment of customers by providing personalised and flexible solutions for financial security.
<b>Maintain adequate financial resources</b>	- Ensured effective administrative processes and operational cost control. - Maintenance of strong capital solvency well above regulatory minimums.
<b>Provide a competitive return to Investors</b>	- Continued diversification of business areas and distribution channels, together with competitive products and services to ensure strong and sustainable growth and returns.
<b>Robust regulatory compliance</b>	- DORA- Digital Operational Resilience Act came into force in 2025, with continued focus during the year to implement as part of BAU.
<b>A just transition to a sustainable group</b>	- Embedded ESG considerations in BAU, including the Group's net-zero ambitions into investment processes and overall operations.
<b>Responsible risk-based management for the benefit of all our stakeholders</b>	- Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.

## BUSINESS REVIEW | NETHERLANDS

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

- Operating Capital Generation £36m (FY24: £30m)
- Cash Remittances £7m (FY24: £7m)
- Solvency Coverage Ratio (Pre foreseeable Cash Remittance) 265% (FY24: Waard 350%, Scildon 205%)
- Solvency Coverage Ratio (Post foreseeable Cash Remittance) 234% (FY24: Waard 324%, Scildon 205%)
- Own Funds £232m (FY24: £222m)
- AuA £3bn (FY24: £3bn)
- Adjusted Operating Profit £23m (FY24: £17m)

## MAXIMISE VALUE FROM EXISTING BUSINESS

### CAPITAL AND VALUE MANAGEMENT

In 2025, Scildon completed its merger with the Waard Group, creating a more scalable and sustainable business model. Scildon has focused on streamlining operations, aligning governance structure and assessing

the financial impact of the merger. The integration was executed successfully, and the organisation has emerged stronger, better able to respond to market changes, and equipped with improved capabilities to deliver value to stakeholders.

In addition, as part of a broader strategic shift aimed at focusing on individual life solutions within the Dutch market, Scildon made the decision to discontinue its collective pension offering. The portfolio was sold to Allianz with an effective date of 30 September 2025. Throughout the fourth quarter, all existing policies under the collective pension scheme were successfully migrated to Allianz, ensuring a smooth transition for policyholders and maintaining a high standard of customer service. This move enables Scildon to concentrate its resources and expertise on developing and enhancing products tailored to individual clients, further strengthening its competitive position in the Dutch insurance sector.

### **CUSTOMER OUTCOMES**

Scildon has continued to enhance its digital capabilities, with further improvements to its customer and advisor portals. These upgrades aim to simplify user experience and improve service delivery and are reflected in a positive eNPS score.

### **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.

A Climate Transition Plan has also been finalised, marking a significant step forward in Scildon's commitment to sustainability and responsible business practices.

### **FUTURE PRIORITIES**

- In 2026, the focus 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 our pricing strategies.
- Ensure customers continue to receive high quality service.
- Continued support and implementation of the Climate Transition Plan.

## **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**

- Deploy 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 seen continued competitive pressure in the Dutch market, with new business maintained at a steady level of APE production throughout the year whilst improving the new business margin. This stability was driven by a strategic focus on simplifying the product offering, optimising the overall user experience, and delivering personal customer service. These efforts strengthened customer engagement and supported consistent sales performance, even in a challenging environment.

Scildon introduced a new Mortgage Term Lifestyle proposition in March. This new proposition supported a steady improvement in Scildon's new business throughout the year, providing a promising outlook for 2026. Scildon's products have earned recognition and prestigious awards in various areas;

- In 2025, Scildon's Lifestyle Overlijdensrisicoverzekering (Term Life Insurance) received a 5-star rating from MoneyView in the Product Terms category. This marked the third consecutive year that Scildon earned this top rating for the product.
- Winner of the Adfiz Award category "Customer Interest" for the Lifestyle Quit Smoking Term.
- 3rd place in the IG&H Performance Monitor category "Individual Life". Financial advisors rated Scildon with an average score of 8.0, just 0.1 points behind the joint winners, TAF and Nationale-Nederlanden (NN)

The division delivered New Business Contribution of £6m (FY24: £2m) and has a term assurance market share of 12.5% (FY24: 10.6%).

#### **FUTURE PRIORITIES**

- Streamline and simplify the product portfolio and focus on profitable growth.
- Ongoing competitor assessment to ensure pricing and distribution remain competitive.
- Complete ALM study to optimise investment returns while aligning with the competitiveness of our pricing strategies.

## **CHESNARA CULTURE AND VALUE PRINCIPLES**

### **Responsible risk-based management for the benefit of all our stakeholders**

- Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.

### **Fair treatment of customers**

- Scildon has continued to enhance its digital capabilities, with further improvements to its customer and advisor portals.

### **Maintain adequate financial resources**

- Scildon maintained a solid capital position, steady value generation, and disciplined cost management all contributing to a resilient financial baseline.

### **Provide a competitive return to Investors**

- Completed the merger with Waard, generating cost synergies and diversification benefits.

### **Robust regulatory compliance**

- The business remains compliant with the EU Digital Operational Resilience Act (DORA) and continues to embed resilience practices into daily operations.

### **A just transition to a sustainable group**

- The transition plan towards net zero in the investment portfolio was finalised.

### **Responsible risk-based management for the benefit of all our stakeholders**

- Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.

## **FINANCIAL REVIEW | SOLVENCY II**

The Group's Solvency Coverage Ratio of 257% is significantly above our operating range of 140% to 160%.

## SOLVENCY COVERAGE RATIO

£m	FY25	FY24
Own Funds	859	643
SCR	334	316
Surplus	525	327
<b>Solvency Coverage Ratio %</b>	<b>257%</b>	<b>203%</b>

Group Solvency II surplus is £525m (2024: £327m) with a Solvency Coverage Ratio of 257% (2024: 203%) which includes the impact of the proposed final 2025 dividend of £34m and payment of the interim 2025 dividend of £18m.

The surplus increased by £198m, mainly driven by the growth in Own Funds, reflecting favourable economic conditions and positive operational performance variances, the dividend impacts noted above and funds raised as part of M&A activity (including the RT1 Bond and the rights issue). The SCR increased in 2025, mainly owing to an increase in market risk resulting from a year-to-date rise in equity markets, partly offset by capital management actions implemented in the UK.

## OWN FUNDS

£m	
<b>FY24 Own Funds</b>	<b>643</b>
Operating Own Funds generation	58
Non-operating Own Funds generation	22
Capital Raises (net of integrations & restructuring)	208
Tiering Restrictions	(18)
Dividends	(52)
<b>FY25 Own Funds</b>	<b>859</b>

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

## UK

£m	FY25	FY24
Own Funds	118	130
SCR	91	96
Buffer	18	19
Surplus	9	15
<b>Solvency Coverage Ratio %</b>	<b>130%</b>	<b>135%</b>

The decrease in surplus to £9m (FY24: £15m) reflects lower Own Funds and the impact of Cash Remittances to Group. Own funds, pre-Cash Remittance, increased (£9m), supported by new business and positive economic returns. The SCR reduced by £5m, including the impact of capital management initiatives such as mass lapse reinsurance and the implementation of a new foreign exchange hedge.

## SWEDEN

£m	FY25	FY24
----	------	------

Own Funds	201	184
SCR	142	122
Buffer	28	24
Surplus	31	37
<b>Solvency Coverage Ratio %</b>	<b>142%</b>	<b>151%</b>

Movestic reported a surplus of £31m (FY24: £37m) which relates to a rise in Own Funds from positive equity markets, partly offset by the US dollar depreciation against the Swedish Krona, and increased SCR as a result of higher market risk requirements. The impact of exchange rate movements also resulted in an increase in both Own Funds and SCR on translation.

## NETHERLANDS

£m	FY25	FY24*
Own Funds	232	222
SCR	99	93
Buffer	74	60
Surplus	59	69
<b>Solvency Coverage Ratio %</b>	<b>234%</b>	<b>239%</b>

\*The FY24 comparator reflects the combination of the reported results of Waard and Scildon on a pre-merger basis and individual buffers (Waard 35% and Scildon 75%).

Scildon reported surplus of £59m, reflecting growth in Own Funds as well as an increase in SCR. The rise in Own Funds includes the positive impacts of synergies resulting from the merger of the Dutch business units and economic returns, offsetting adverse mortality experience. The rise in SCR includes the impact of market conditions as well as some one-off restructuring activities.

## FINANCIAL REVIEW | SOLVENCY II SENSITIVITIES

The table that follows provides some insight into the immediate impact of certain sensitivities on the Group's Solvency Coverage Ratio and Solvency Surplus on a pre-Chesnara Life basis.

	Solvency Coverage Ratio	Solvency Surplus
	%	£m
<b>FY25</b>	<b>257</b>	<b>525</b>
20% sterling appreciation	276	504
20% sterling depreciation	233	550
25% equity fall	283	475
25% equity rise	249	580
10% equity fall	266	505
10% equity rise	255	550
1% interest rate rise	261	533
1% interest rate fall	252	518
50bps credit spread rise	253	510
25bps swap rate fall	251	512
10% mass lapse	265	513

10% expense rise	244	490
1% inflation	249	500
5% mortality increase	253	516

**Foreign exchange:**

Appreciation of sterling relative to our overseas currencies reduces the value of overseas surplus with partial mitigation from the Group currency hedge.

**Equity stresses:**

Lower equity valuations reduce the Group's AuA. In turn, this decreases the value of Own Funds and the associated SCR as the value of the funds exposed to market risk reduce. The SCR reduction includes the impact of the Solvency II Symmetric Adjustment, and results in an increase in the Solvency Coverage Ratio.

**Interest rates:**

An interest rate rise reduces both the assets and liabilities, with the liabilities reducing more than the assets as the assets have a shorter duration than the liabilities. Conversely, an interest rate fall increases both the assets and liabilities, with the liabilities increasing more than the assets.

**Credit spreads:**

Higher spreads reduce surplus as the rise in spreads decreases 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 10% mass-lapse event drives an immediate reduction in the Group's projection of future surpluses, largely offset by the reduction in the associated SCR.

**Inflation:**

A permanent increase in inflation for all future years increases the Group's future expense profile, reducing Own Funds and surplus.

**Mortality rates:**

A 5% increase in mortality rates across the Group will reduce the future surplus projections from the in-force book, leading to lower Own Funds and a reduction in Group's surplus.

## FINANCIAL REVIEW | OCG

**FY25: £94M**

FY24: £79M

(i) **Operating Capital Generation by Business Unit**

Business Segment – £m	FY25	FY24
UK	41	32
Sweden	14	10
Netherlands	36	30
Group Centre	3	7
<b>Operating Capital Generation</b>	<b>94</b>	<b>79</b>

Operating Capital Generation for the year of £94m was driven by expected investment returns of £50m (from non-linked and shareholder assets), positive operating variances and management actions of £51m, operating assumption changes of £(14)m, and £5m relating to smaller contributions from other operating components. Non-operating capital generation included the RT1 and rights issue.

(ii) Solvency II surplus movement for the year ended 31 December 2025

£m	31 December 2024	Operating Capital Generation	Non-Operating Capital Generation	Dividends	T2/T3 restrictions	Acquisitions	31 December 2025
Own Funds	643	58	229	(52)	(19)	-	859
SCR	(316)	36	(54)	-	-	-	(334)
<b>Surplus</b>	<b>327</b>	<b>94</b>	<b>175</b>	<b>(52)</b>	<b>(19)</b>	<b>-</b>	<b>525</b>

(iii) Solvency II surplus movement for the year ended 31 December 2024

£m	31 December 2023	Operating Capital Generation	Non-Operating Capital Generation	Dividends	T2/T3 restrictions	Acquisitions	31 December 2024
Own Funds	684	57	(38)	(37)	(33)	10	643
SCR	(333)	22	8	-	-	(13)	(316)
<b>Surplus</b>	<b>351</b>	<b>79</b>	<b>(30)</b>	<b>(37)</b>	<b>(33)</b>	<b>(3)</b>	<b>327</b>

## FINANCIAL REVIEW | IFRS INCOME STATEMENT

### ADJUSTED OPERATING PROFIT £56M

FY24: £39M

(iv) Reconciliation of IFRS Profit before tax to Adjusted Operating Profit for the year ended 31 December 2025

£m	UK	Sweden	Netherlands	Other Group activities	Total
<b>Profit/(loss) before tax and consolidation adjustments</b>	<b>33</b>	<b>5</b>	<b>33</b>	<b>(52)</b>	<b>19</b>
Tax attributable to policyholders' returns	(26)	-	-	-	(26)
<b>Profit before tax attributable to shareholders' profits</b>	<b>7</b>	<b>5</b>	<b>33</b>	<b>(52)</b>	<b>(7)</b>
Investment variances and economic assumption changes	4	1	(17)	18	6
Impairment, amortisation and profit or loss on disposal	4	2	-	-	6
Integration and restructuring costs	4	3	7	26	40
Financing costs	-	-	-	11	11
<b>Adjusted operating profit before tax attributable to shareholders' profits</b>	<b>19</b>	<b>11</b>	<b>23</b>	<b>3</b>	<b>56</b>

Adjusted Operating Profit was £56m (2024: £39m), driven primarily by robust operating performance in the UK and Netherlands. The Netherlands benefited from merger synergies and the sale of the collective pension book to Allianz, positively impacting the annual CSM release whilst the UK experienced positive economics reflecting greater returns as a result of lower yields in comparison to the prior year.

The Profit Before Tax (PBT) of £19m was adjusted to reflect the following items: £40m for integration and restructuring costs, including those associated with the Chesnara Life acquisition and M&A activities; £(26)m attributable to policyholder tax; £11m in central finance costs; £6m from short-term volatility; and £6m related to impairment, amortisation, and disposals of acquired value of in-force business (AVIF). The application of these adjustments resulted in an Adjust Operating Profit of £56m.

(v) **Reconciliation of IFRS Profit before tax to Adjusted Operating Profit for the year ended 31 December 2024**

	UK	Sweden	Netherlands	Other Group activities	Total
<b>Profit/(loss) before tax and consolidation adjustments</b>	<b>28</b>	<b>10</b>	<b>5</b>	<b>(22)</b>	<b>21</b>
Tax attributable to policyholders' returns	(18)	-	-	-	(18)
<b>Profit before tax attributable to shareholders' profits</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>(22)</b>	<b>3</b>
Investment variances and economic assumption changes	(2)	(3)	5	(4)	(4)
Impairment, amortisation and profit or loss on disposal	3	2	-	-	5
Integration and restructuring costs	-	4	7	13	24
Financing costs	-	-	-	11	11
<b>Adjusted operating profit before tax attributable to shareholders' profits</b>	<b>11</b>	<b>13</b>	<b>17</b>	<b>(2)</b>	<b>39</b>

## FINANCIAL REVIEW | IFRS INCOME STATEMENT

### IFRS PRE-TAX PROFIT £19M

FY24: £21M

### TOTAL COMPREHENSIVE INCOME £12M

FY24: £(11)M

#### Analysis of IFRS result

	FY25 £m	FY24 £m
<b>Net insurance service result</b>	<b>22</b>	<b>9</b>
<b>Net investment result</b>	<b>50</b>	<b>53</b>
Fee, commission and other operating income	114	104

Other operating expenses	(156)	(134)
Financing costs	(11)	(11)
<b>Profit before income taxes</b>	<b>19</b>	<b>21</b>
Income tax (charge)/credit	(29)	(17)
<b>(Loss)/Profit for the period after tax</b>	<b>(10)</b>	<b>4</b>
Foreign exchange (loss)/gain	20	(15)
Other comprehensive income	2	-
<b>Total comprehensive income</b>	<b>12</b>	<b>(11)</b>

#### Movement in IFRS Capital Base

<b>Opening IFRS Capital Base</b>	<b>449</b>	<b>479</b>
Movement in CSM (net of reinsurance and tax)	(4)	15
Total comprehensive income	12	(11)
Other adjustments associated with shareholders' equity	279	2
Dividend	(42)	(36)
<b>Closing IFRS Capital Base</b>	<b>694</b>	<b>449</b>

#### 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 £22m is broken down into the following elements:

- gains from the release of risk adjustment and CSM of £23m (2024: £22m). These gains represent a consistent source of future profits for the Group.
- losses of £1m (2024: £14m loss) caused by experience impacts and loss component effects where portfolios of contracts suffered adverse impacts that would otherwise be offset in the balance sheet if the CSM for those portfolios were positive.

Other adjustments associated with shareholders' equity at FY25 mainly relate to funds raised for M&A activity.

#### Net investment result

The net investment result contains the investment return earned on all assets, together with the financial impacts of movements in insurance and investment contract liabilities. The investment result also includes losses made on the Group's currency hedging arrangement of £17m (in 2024: gain of £4m).

#### 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 year was £114m (2024: £104m) and was £76m net of Swedish policyholder yield tax (2024: £73m).

#### 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 and expenses relating to M&A activity.

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 year are £118m (2024: £103m).

#### Financing costs

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

#### Foreign exchange

The Group's IFRS consolidated results show a foreign exchange gain of £20 million for the period, owing to sterling depreciation versus Swedish krona and the euro, offsetting the loss on foreign exchange rates hedges included within the net investment result.

#### Other comprehensive income

This represents the revaluation of pension obligations for our Dutch division.

#### Income tax

Income tax consists of both current and deferred taxes.

The total IFRS tax charge of £29m mainly represents UK policyholder tax that is reflective of positive investment growth in the period. The charge is offset by equal and opposite policyholder fund rebates primarily within the investment result.

## FINANCIAL REVIEW | IFRS BALANCE SHEET

	£m		£m
<b>FY24 CSM (gross of tax)</b>	<b>176</b>	<b>FY23 CSM (gross of tax)</b>	<b>157</b>
Interest accreted	4		4
New business	8		7
Acquisition impacts	7		1
Experience & assumption changes	(13)		33
CSM release	(20)		(19)
Foreign exchange impact	8		(7)
<b>FY25 CSM (gross of tax)</b>	<b>170</b>	<b>FY24 CSM (gross of tax)</b>	<b>176</b>

The CSM represents future profits that are expected to be released to the income statement over the lifetime of the portfolio. The CSM (net of reinsurance and gross of tax) has decreased by £6m from £176m to £170m during 2025. Adverse experience and assumption changes across the Group reduced the CSM by £13m, which was mainly the result of mortality experience and cost assumption strengthening in Scildon. New business movement, along with the acquisition impact which resulted in additional CSM from the Canada Life portfolio transferred under Part VII, created a net £15m CSM (after reinsurance). CSM release in FY25 included one-off items, primarily associated with Scildon following the sale of the pension book to Allianz, while underlying movements were broadly consistent with prior year.

#### Leverage

The IFRS leverage of 22.4% ratio reduced by 8.5 pts, (FY24: 30.9%) driven primarily by the Group's capital issuances in 2025.

#### Assets under Administration (AuA)

£bn	FY25	FY24
UK <sup>1</sup>	6	6
Sweden	7	5
Netherlands	3	3
<b>Total</b>	<b>15</b>	<b>14</b>

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

The Group's AuA as at FY25 was £15bn following strong custodian inflows in Sweden and depreciation of Sterling relative to the Swedish krona and the Euro.

<sup>1</sup> includes the impact of the Canada Life portfolio acquired, expected to Part VII in 2026

## RISK MANAGEMENT

Against a backdrop of growing volatility, a resilient and forward-looking approach to risk management is fundamental to protecting our stakeholders and delivering sustainable growth. By sustaining a clear focus on the effective integration of acquired businesses and outsourcing partnerships, we continue to embed a consistent risk framework across our developing Group. We maintain a strong solvency position, and our financial sensitivities continue to align comfortably with the Board's risk appetite.

NIAMH CARR  
INTERIM CHIEF RISK OFFICER

Managing risk is a key part of our business model. We achieve this by understanding the current and emerging risks to the business, mitigating them where appropriate and ensuring they are appropriately monitored and managed.

### HOW WE MANAGE RISK RISK MANAGEMENT SYSTEM

#### Risk management system review and development

#### Clear accountabilities and responsibilities

**Strategy:** The risk management strategy contains the objectives and principles of risk management, the risk appetite, risk preferences and risk tolerance limits.

**Policies:** The risk management policies implement the risk management strategy and provide a set of principles (and mandated activities) for control mechanisms that take into account the materiality of risks.

**Processes:** The risk management processes ensure that risks are identified, measured/ assessed, monitored and reported to support decision making.

**Reporting:** The risk management reports deliver information on the material risks faced by the business and evidence that principal risks are actively monitored and analysed and managed against risk appetite.

**The Group adopts the “three lines of defence” model with a single set of risk and governance principles applied consistently across the business.**

In all business units we maintain processes for identifying, evaluating and managing all material risks faced by the Group, which are regularly reviewed by the Senior Leadership teams and Audit & Risk Committees. Our risk assessment processes have regard to the significance of risks, the likelihood of their occurrence and take account of the controls in place to manage them. The processes are designed to manage the risk profile within the Board's approved risk appetite.

Group and business unit risk management processes are enhanced by stress and scenario testing, which

evaluates the impact of certain adverse events occurring separately or in combination. The results, conclusions and any recommended actions are included within business unit and Group ORSA Reports to the relevant Boards. There is a strong correlation between these adverse events and the risks identified in 'Principal risks and uncertainties'. The outcome of this testing provides context against which the Group and business units can assess whether any changes to risk appetite or to management processes are required.

## **RISK MANAGEMENT | ROLE OF THE BOARD**

The Group Board is responsible for monitoring the Group Risk Management System and carrying out a review of its effectiveness on an annual basis.

### **Risk Strategy and Risk Appetite**

The Group and its business units have a defined risk strategy and supporting Risk Appetite Framework to embed an effective Risk Management Framework, with culture and processes at its heart, and to create a holistic, transparent and focused approach to risk identification, assessment, management, monitoring and reporting.

On the recommendation of the Chesnara Audit & Risk Committee the Chesnara Board approves a set of risk preferences which articulate, in simple terms, the desire to increase, maintain, or reduce the level of risk taking for each main category of risk. The risk position of the business is monitored against these preferences using risk tolerance limits, where appropriate, and they are taken into account by the management teams across the Group when taking strategic or operational decisions.

### **Risk and Control Policies**

The Group has a set of risk and control policies that set out the key policies, processes and controls to be applied. Senior management is responsible for the day-to-day implementation of the risk and control policies. Subject to the materiality of changes, the Chesnara Board approves the review, updates to and attestation of these policies at least annually.

### **Risk Identification**

The Group maintains a Risk Register of risks which are specific to its activity and reports these, along with the principal risks of each business unit, to the Chesnara Audit & Risk Committee on at least a quarterly basis.

On an annual basis the Board approves, on the recommendation of the Chesnara Audit & Risk Committee, the materiality criteria to be applied in the risk scoring and in the determination of what is considered to be a principal risk. At least quarterly the principal and emerging risks are reported to the relevant Boards, assessing their proximity, probability and potential impact.

### **Own Risk and Solvency Assessment (ORSA)**

On an annual basis, or more frequently if required, the Group produces a Group ORSA Report which aggregates the business unit ORSA findings and supplements these with an assessment specific to Group activities. The Group and business unit ORSA policies outline the key processes and contents of these reports.

The Chesnara Board is responsible for approving the ORSA, including steering in advance how the assessment is performed and challenging the results.

The primary objective of the ORSA is to support the Company's strategic decision-making, by providing insights into the Company's risk profile over the business planning horizon. Effective ORSA reporting supports the Board, in its role of protecting the viability and reputation of the Company, reviewing and challenging management's strategic decisions and recommendations.

### **Risk Management System Effectiveness**

The Group and its business units undertake a formal annual review of and attestation to the effectiveness of the risk management system. The assessment considers the extent to which the risk management system is embedded.

The Chesnara Board is responsible for monitoring the Risk Management System and its effectiveness across the Group. The outcome of the annual review is reported to the Chesnara Board which make decisions regarding its further development.

## **RISK MANAGEMENT | EMERGING RISKS**

On a regular basis the Senior Management team scans the horizon to identify potential risk events (e.g.

political; economic; technological; environmental, legislative & social), assessing potential outcomes in terms of threats and opportunities. This section provides details on some of the emerging risks that have been kept under close watch during 2025.

### **GEOPOLITICAL RISK**

Geopolitical risk has continued to be a source of uncertainty contributing to market volatility and impacting investment performance. Key geopolitical tensions remain unresolved, including the conflict between Ukraine and Russia, the Middle East and continued tensions between China and Taiwan. These remain an emerging risk for the Group, in the sense these are evolving situations which have potential implications for the Group's principal risks.

The political landscape in 2025 was shaped by the implementation of policy agendas following the extensive global elections held in 2024. In the UK, the Labour Government's first full year in office saw pressures associated with welfare reform and a desire to strengthen foreign relations, in particular with the United States. In the Netherlands the collapse of the Schoof coalition government led to a snap general election in October, with no one party achieving clear dominance. In the United States, the new administration began implementing trade and economic policies that contributed to heightened market volatility and uncertainty around global trade and inflation.

### **MACROECONOMIC VOLATILITY**

Global economic growth remained uneven during 2025, reflecting the continued impact of geopolitical tensions, evolving supply chain dynamics and changes in consumer behaviour. Market indices reached a historically high level, with concerns regarding the risk of a sharp market correction due to potential over-valuation of AI related stocks. Expectations at the start of the year that central banks would begin easing monetary policy proved only partially realised. While inflation moderated in several major economies, it remained more persistent in certain sectors and regions, leading central banks to adopt a cautious and gradual approach to interest rate cuts. In addition, credit spreads remain near historically tight levels, raising the likelihood of spreads widening in the event of increased market uncertainty. In currency markets, the US dollar depreciated over 2025 driven by tariff and political uncertainty and inflationary pressures.

### **ARTIFICIAL INTELLIGENCE (AI)**

Developments in the field of AI mean companies are looking towards both self-developed and externally acquired AI applications, often with the aim to automate or optimise existing processes and sub-processes. As a result, financial services organisations are entering the AI space with many looking at incorporating it into their long-term strategies.

Regulatory developments during 2025 have further shaped the AI landscape. The EU Artificial Intelligence Act, which came into force in August 2024, has begun to influence how AI systems are deployed within the EU, emphasising safety, transparency, fundamental rights, and responsible innovation. In the UK, AI regulation has continued to evolve, guided by a principles based, cross sector framework. Regulators, including the FCA and the Information Commissioner's Office, have continued updating their strategic approaches to AI oversight, focusing on balancing innovation with accountability, security, and ethical considerations.

Overall, AI remains a rapidly evolving area of strategic and regulatory focus, and the Group continues to monitor developments closely whilst exploring the use of AI to ensure that opportunities are realised responsibly while emerging risks are managed effectively.

### **SUSTAINABILITY**

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. While the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a global framework for addressing urgent challenges such as poverty, inequality, climate change, environmental degradation, peace, and justice, the United States formally withdrew from the UN Sustainable Development Goals in early 2025, highlighting ongoing geopolitical differences in approaches to sustainability.

A prominent area of focus for regulators and businesses in the UK and EU continues to be the financial risks associated with climate change. Following 2024, which was the hottest year on record and the first calendar year to exceed the 1.5°C threshold of the Paris Agreement, the global average temperature in 2025 remained elevated, and understanding of the impacts on business operations, markets, and long-term resilience continues to develop.

The Group has continued to implement its sustainability strategy, which remains an integral part of the Group's overall strategy, supporting action on current and emerging sustainability-related risks and reinforcing the Group's commitment to responsible business practices as part of its long-term resilience planning.

**The risk information that follows includes specific commentary, where appropriate, on the impact of emerging events on our Principal Risks.**

# RISK MANAGEMENT | PRINCIPAL RISKS AND UNCERTAINTIES

The following tables outline the Principal Risks and uncertainties of the Group and the mitigants in place to lessen or manage their impact. It has been drawn together following regular assessment, performed by the Chesnara Audit & Risk Committee, of the Principal Risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The impacts are not quantified in the tables. However, by virtue of the risks being defined as principal, the impacts are potentially significant.

In preparation for the new Corporate Governance Code requirements under Provision 29 we have refreshed our Principal Risks, documented our Material Controls and established an assurance approach to support the controls effectiveness declaration which will be required for year-end 2026.

We have reassessed our Principal Risks to ensure they remain relevant and comprehensive. This review reflects the evolving business landscape and emerging risk considerations. The updated Principal Risks, reviewed and approved by the Board, are closely aligned with our Risk Universe and cover the key strategic, operational, financial, and regulatory risk areas.

Our Material Controls are defined as controls which are aimed at keeping the Principal Risks and uncertainties of the business within the risk appetite agreed by the Board. We have considered Material Controls in terms of the key control themes and mechanisms that provide the Board with relevant assurance over the management of Principal Risks, with a focus on governance, oversight, monitoring and preparedness.

PR1 Market & Liquidity Risk	
PR1.1	Exposure to financial losses or value reduction arising from adverse movements in currency, investment markets, counterparty defaults, or through inadequate asset liability matching.
PR1.2	Adverse market and liquidity impacts arising from physical risks (e.g. extreme weather events) or transition risks (e.g. regulatory changes, shifts in investor sentiment, or carbon pricing) related to climate change
PR2 Insurance Risk	
PR2.1	Risk of adverse demographic experience compared with assumptions (such as rates of mortality, morbidity, persistency etc.)
PR2.2	Risk that expenses may exceed planned budgets and unit costs may grow at unsustainable levels.
PR3 Strategic Risk	
PR3.1	Risk that transformational projects may fail to deliver the expected strategic, operational, or financial benefits.
PR3.2	The risk of failure to source acquisitions that meet Chesnara's criteria or the execution of acquisitions with subsequent unexpected financial losses or value reduction.
PR3.3	Risk that failure to effectively integrate sustainability principles and environmental, social, and governance (ESG) considerations into the Group's long-term strategy could result in loss of competitive advantage, diminished stakeholder trust, regulatory penalties, and reduced access to capital.
PR4 Operational Risk	

PR4.1	Severe disruptions or failures in critical business services could significantly impact operations and delivering positive outcomes for customers.
PR4.2	The risk that statutory reporting (financial and regulatory reports) includes material misstatements or non-compliance issues
PR4.3	Risk that intentional acts of fraud whether internal (by employees or management) or external (by customers, vendors, or third parties) could lead to financial loss, regulatory sanctions, reputational damage, and erosion of client trust.
PR4.4	Risk that counterparties, outsourced service providers (OSPs), or third parties may default on contractual obligations or fail to deliver critical business services as agreed.
<b>PR5 IT / Data Security Risk</b>	
PR5.1	Risk that cyber-attacks or failures in IT data security controls could compromise the confidentiality, integrity, or availability of information systems and data.
<b>PR6 Regulatory Risk</b>	
PR6.1	The risk of regulatory failure, including failure to comply with regulations or meet regulatory expectations, as well as adverse changes in regulator or industry practices or the inconsistent interpretation and application across jurisdictions.

## **PR1: MARKET & LIQUIDITY RISK**

The Group is exposed to market and liquidity risk as a natural consequence of the business we operate – we invest to back long-term liabilities (for protection products) and on behalf of our policyholders (for savings products). Where managed effectively, exposure to these risks is fundamental to how life insurers create value for policyholders and shareholders. Market and liquidity risk could have a material adverse impact on the Group's financial performance, capital position and ability to meet its obligations in the event that they are not effectively controlled.

Market risk arises from movements in asset values, foreign exchange rates and interest rates, which may impact investment returns, funding capacity and the Group's ability to meet commitments to policyholders, creditors and shareholders.

Liquidity risk arises from the uncertainty surrounding the timing and amount of future cash outflows, including policyholder claims, reinsurance premiums, debt servicing and dividend payments. A mismatch between available liquid resources and required payments could impair the Group's ability to meet its obligations as they fall due. Liquidity pressures could be exacerbated by counterparty failures or credit defaults, a significant increase in claims experience, or other large and unexpected expenditure.

Market and liquidity risk may also be influenced by wider environmental, social and governance (ESG) developments. Physical climate risks, including extreme weather events such as floods, hurricanes and wildfires, may result in direct losses, business interruption and supply chain disruption, as well as indirect impacts on counterparties and critical infrastructure, including third-party service providers and data centres. Longer-term changes in climate patterns may further disrupt operations and financial markets.

Transition risks associated with the move towards a lower-carbon economy may affect the valuation and performance of certain investments, particularly in carbon-intensive sectors, as a result of regulatory change, evolving consumer behaviour and shifts in market demand. Additional impacts may arise from inflationary pressures linked to global climate policy outcomes, including energy price volatility.

### **PR1.1**

**SUB RISK** Exposure to financial losses or value reduction arising from adverse movements in currency, investment markets, counterparty defaults, or through inadequate asset liability matching.

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**RISK APPETITE** The Group accepts this risk and manages it through controls to prevent any increase or decrease in the risk exposure beyond set levels. These controls will result in early intervention if the amount of risk approaches those limits.

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**MITIGATION** Financial risks are managed through regular monitoring of exposures, asset–liability matching, and maintaining a well diversified portfolio supported by surplus Tier 1 liquid assets such as cash and gilts, with regular liquidity forecasting to manage liquidity risk. Concentration risk is mitigated by using a range of funds and managers within a strong governance framework that oversees external mandates.

The risk–return balance of fixed interest assets is actively optimised in light of balance sheet volatility and credit risks.

Currency risk is managed through consideration of hedging, where cost-effective.

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**RECENT CHANGE / OUTLOOK** There continues to be a high level of uncertainty in the external operating environment with a varied outlook globally.

Geopolitical tensions, ongoing global conflicts and an evolving monetary policy landscape remain key sources of risk, contributing to market volatility and the potential for sudden shocks.

Persistent geopolitical instability and conflict bring additional economic uncertainty and financial market volatility. This creates additional risk of poor mid-term performance on shareholder and policyholder assets.

## PR1.2

**SUB RISK** Exposure to adverse market and liquidity impacts arising from physical risks (e.g. extreme weather events) or transition risks (e.g. regulatory changes, shifts in investor sentiment, or carbon pricing) related to climate change.

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**RISK APPETITE** The Group aims to restrict its exposure to climate change risk, such that it can continue to operate within the existing risk tolerance limits for the associated risks and potential impacts. The risk impacts can have a direct impact on the operations of the Group and, more significantly, to the businesses within the Group's investment universe.

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**MITIGATION** Climate related risks are managed through an approach that integrates scenario analysis, continuous monitoring, and proactive assessment of both physical and transitional exposures.

Focusing on positive investment solutions by engaging asset managers and investee companies to support decarbonisation and credible transition planning, while increasing exposure to green bonds, net-zero aligned funds, and nature-based partnerships as a mitigating action to support emissions reduction and long-term portfolio resilience.

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**RECENT CHANGE / OUTLOOK** To manage the risks associated with climate change, financial institutions are increasingly adopting advanced data and modelling techniques. Additionally, regulatory bodies require financial institutions to perform climate scenario analyses to test their resilience to emerging climate-related financial risks.

Work continues to embed sustainability considerations into the Group's broader strategy and investment framework.

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The Group has aligned its targets with the Paris Climate Agreement and aims to be net zero for all emissions by 2050. In September 2025 we published our Climate Transition Plan which has been developed using the IIGCC's Net Zero Investment Framework 2.0.

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## PR2: INSURANCE RISK

Insurance risk arises within the Group as a consequence of operating as a Group focused on life insurance businesses. We seek out exposure to insurance risks in line with well-defined risk appetite limits and given appropriate actuarial expertise to determine demographic assumptions to be used in product pricing and reserving.

The Group is exposed to the risk that actual demographic experience, including mortality, morbidity and persistency, differs from the assumptions used in product pricing and reserving. In the event of significant adverse demographic experience this would typically result in less profit accruing to the Group. A significant deterioration in persistency in the case of a one-off event resulting in multiple withdrawals over a short period of time (a "mass-lapse" event) could have a more severe adverse effect on financial performance.

The Group is also exposed to the risk that expenses are higher than expected either due to one-off increases in the cost of delivering key activities or sustained inflation in variable costs. A key underlying source of potential increases in regular expense is the additional regulatory expectations on the sector. For the closed funds, the Group is exposed to the impact on profitability of fixed and semi-fixed expenses, in conjunction with a diminishing policy base. For the companies open to new businesses, the Group is exposed to the impact of expense levels varying adversely from those assumed in product pricing. Similarly, for acquisitions, there is a risk that the assumed costs of running the acquired business allowed for in pricing are not achieved in practice, or any assumed cost synergies with existing businesses are not achieved.

### PR2.1

#### SUB RISK

Risk of adverse demographic experience compared with assumptions (such as rates of mortality, morbidity, persistency etc.)

#### RISK APPETITE

The Group accepts this risk and restricts its exposure, to the extent preferred, through the use of reinsurance and other controls. Early warning trigger monitoring is in place to track any increase or decrease in the risk exposure beyond a set level, with action taken to address any impact as necessary.

#### MITIGATION

Adverse demographic experience is managed through effective underwriting techniques, ongoing monitoring, regular analysis, and assessment of key assumptions.

Chesnara performs close monitoring of persistency levels across all groups of business to support best estimate assumptions and identify trends.

Reinsurance is used where it is assessed to be cost-effective and providing an effective transfer of risk, for example "mass-lapse" reinsurance.

Maintenance of good relationships with brokers, and diversification of the broker base to support persistency.

#### RECENT CHANGE / OUTLOOK

Continued cost of living pressures could give rise to higher surrenders and lapses should customers face personal finance pressures and not be able to afford premiums or need to access savings. The Group continues to monitor closely and respond appropriately.

Since 2020, we have seen mortality experience in the Netherlands in excess of expectations due to a combination of variance in line with the general population following the COVID19 pandemic and some portfolio specific factors. This is reflected in the shorter-term assumptions but anticipated to fade away in the longer-term assumptions, in line with industry practice / standard tables.

Any prolonged stagnation of the property market could reduce protection business sales compared to plan, particularly in the Netherlands.

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Following the introduction of new legislation in 2022 making it easier for customers to transfer insurance policies in Sweden, the transfer market remains very active. This risk continues to be actively monitored.

## PR2.2

### SUB RISK

Risk that expenses may exceed planned budgets and unit costs may grow at unsustainable levels.

### RISK APPETITE

The Group aims to minimise its exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.

### MITIGATION

Expense overruns and unsustainable unit cost growth are managed through disciplined budgeting, ongoing monitoring, and proactive cost analysis.

Strategic oversight, scenario planning, and robust frameworks ensure potential future pressures are identified and controlled, supporting operational efficiency and the preservation of long-term value.

We regularly review our exposures and will consider more direct inflation hedging options should circumstances determine that to be appropriate.

### RECENT CHANGE / OUTLOOK

The Group has an ongoing expense management programme and various strategic projects aimed at controlling expenses and seeking opportunities to exploit efficiencies/synergies, whilst ensuring we have the capabilities and capacity to support our growth ambitions.

Acquisitions also present opportunities for unit cost reduction and the UK business announced a long-term strategic partnership with FinTech market leader SS&C Technologies ("SS&C") in May 2023, to provide policy administration services to the Group's UK division.

Both the merger of Waard and Scildon in the Netherlands and the acquisition of Chesnara Life support Chesnara's ongoing cost efficiency initiatives.

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## PR3: STRATEGIC RISK

Strategic risk could have a material impact on the Group's long-term performance, financial position and ability to achieve its strategic objectives. The Group's growth strategy is partly dependent on the successful identification and execution of acquisitions. A reduction in the availability of suitable acquisition opportunities within the Group's target markets, arising from increased competition, market consolidation dynamics or regulatory change affecting life Company restructuring, could constrain growth and limit the Group's ability to deploy capital in line with its strategy.

The Group is also exposed to the risk that acquisitions fail to deliver the anticipated strategic, operational or financial benefits. This may arise from the crystallisation of risks inherent within acquired businesses or funds that were not adequately identified, priced or mitigated at the point of transaction, leading to erosion of value, financial losses or increased management and capital demands.

In addition, the Group undertakes transformational and change programmes to support its strategic objectives. There is a risk that such initiatives do not deliver their intended outcomes, whether due to execution challenges, cost overruns, delays or changes in the external environment. Failure to realise the expected benefits of these projects could result in inefficiencies, increased costs or reduced strategic flexibility.

Strategic risk may also arise from the failure to effectively integrate sustainability principles and environmental, social and governance (ESG) considerations into the Group's long term strategy. Inadequate alignment with evolving stakeholder expectations, regulatory requirements or market practices could lead to reputational damage, regulatory intervention, reduced competitiveness and constraints on commercial opportunities. The Group could also face reputational or litigation risk if it is perceived to have inadequately managed climate-related

risks or failed to meet disclosure expectations, including the risk of allegations of insufficient or misleading ESG reporting.

### PR3.1

**SUB RISK** Risk that transformational projects may fail to deliver the expected strategic, operational, or financial benefits.

**RISK APPETITE** The Group recognises that a degree of delivery risk is inherent in achieving strategic transformation. However, it has a low tolerance for failures resulting from inadequate planning, ineffective governance, insufficient resourcing, or weak benefits realisation.

**MITIGATION** We ensure that transformational initiatives deliver their intended strategic, operational, and financial benefits through appropriate governance and proactive oversight of progress.

Pro-active project management together with robust governance frameworks help identify and address potential issues early, supporting successful outcomes.

**RECENT CHANGE / OUTLOOK**

In 2023 Chesnara appointed SS&C as strategic partner for administration outsourcing in its UK business unit. CA is in the process of migrating most of its policy administration to SS&C which is a large and complex multi-year Transition & Transformation Programme. This carries with it significant short term operational risks associated with programme delivery and migration of existing outsourcing arrangements. The programme has already successfully migrated two books of business over to the SS&C platform.

In July 2025 Chesnara successfully merged the Netherlands entities of Waard Leven and Scildon. The merger provides operating efficiencies and supports stronger financial outcomes.

### PR3.2

**SUB RISK** The risk of failure to source acquisitions that meet Chesnara's criteria or the execution of acquisitions with subsequent unexpected financial losses or value reduction.

**RISK APPETITE** The Group generally expects acquisitions to enhance Own Funds and expected Operating Capital Generation in the medium term (net of external financing), though each opportunity will be assessed on its own merits.

Operating in three territories increases our options thereby reducing the risk that no further value adding deals are done. A broader target market also increases the potential for deals that meet our strategic objectives.

Acquisition activity is guided by clear strategic criteria and governed through a structured, Board-approved, risk-based Acquisition Policy.

**MITIGATION** Chesnara applies disciplined evaluation, pricing and due diligence processes, with active CRO involvement throughout due diligence and deal refinement. Robust governance, careful planning, and strong post-acquisition integration oversight support effective execution.

These controls are further reinforced by a management team with significant and proven mergers and acquisitions experience, operating within an appropriate risk appetite and pricing framework.

**RECENT CHANGE / OUTLOOK**

During 2025 the Group announced the acquisition of Chesnara Life, the largest transaction to date, with approximately £4bn of Assets under Administration (AUA) and approximately 454,000 policies being acquired.

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The associated successful equity rights issue and the Restricted Tier 1 debt raise in 2025, in addition to diversifying the Group's capital structure, have provided additional flexibility in terms of funding the Group's future growth strategy.

In early 2026 the Group announced the proposed acquisition of Scottish Widows Europe SA, a Luxembourg based closed life insurance business, adding approximately 46,000 in force policies and €1.7bn of AuA.

There remains a positive pipeline of activity in relation to acquisitions, with the Group considering possibilities across all territories.

### PR3.3

#### SUB RISK

Risk that failure to effectively integrate sustainability principles and ESG considerations into the Group's long-term strategy could result in loss of competitive advantage, diminished stakeholder trust, regulatory penalties, and reduced access to capital.

#### RISK APPETITE

The Group's approach is to minimise and actively manage risks arising from inadequate integration of sustainability and ESG considerations into strategic decision-making.

#### MITIGATION

Sustainability and ESG considerations are managed through clear frameworks, ongoing transition plans and stakeholder engagement.

There is a strong focus on continuous monitoring and embedding sustainability into day-to-day operations.

The Group Sustainability Committee oversees progress of sustainability work across the Group, including reviewing strategic priorities and operational objectives, reviewing sustainability-related risks and opportunities, and allocating resource and budget.

#### RECENT CHANGE / OUTLOOK

COP30 was the 30th annual United Nations (UN) climate meeting. For financial services firms, COP30 signals sustained regulatory and market pressure to integrate climate-related risks into governance, scenario analysis, and investment decision making, particularly in relation to transition and physical climate risks and evolving disclosure expectations across jurisdictions.

The UK has been consulting on UK Sustainability Reporting Standards (SRS) aligned with the IFRS/ISSB global baseline, with consultation activity during 2025 and expected further steps toward mandatory adoption including FCA consultation on how to introduce them for listed firms. This marks a move toward enhanced climate and wider sustainability disclosures for financial firms.

In late 2025 the European Commission proposed amendments to the Sustainable Finance Disclosure Regulation, seeking simpler, more usable sustainability disclosures for financial products, revised categories (sustainable/transition/ESG basics) and clearer criteria to reduce greenwashing and compliance burdens. The Commission also advanced measures to delay or narrow the scope of the Corporate Sustainability Reporting Directive (CSRD).

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### PR4: OPERATIONAL RISK

The Group and its subsidiaries are exposed to operational risks which arise through daily activities and running of the business. Operational risks may, for example, arise due to technical or human errors, failed internal processes, insufficient personnel resources or fraud caused by internal or external persons. As a result, the Group may suffer financial losses, poor customer outcomes, reputational damage, regulatory intervention or business plan failure. Errors, omissions, or non-compliance in financial or regulatory reporting can undermine stakeholder confidence and lead to regulatory enforcement.

Severe disruptions or failures in critical business services whether due to technology failure, process breakdown, or other event may materially impact our ability to serve customers and meet our business objectives. Part of the

Group's operating model is to outsource support activities to specialist service providers. Consequently, a significant element of the operational risk arises within its outsourced providers.

#### PR4.1

##### SUB RISK

Severe disruptions or failures in critical business services could significantly impact operations and delivering positive outcomes for customers.

##### RISK APPETITE

The Group aims to minimise its exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.

##### MITIGATION

Critical business service continuity is supported through comprehensive resilience and continuity planning, scenario analysis, and structured incident response. By anticipating and identifying disruptions early, we can maintain operational stability and timely recovery.

##### RECENT CHANGE / OUTLOOK

The risk of disruption to critical business services is impacted by increased cyber threat activity, increased reliance on complex and interconnected third party service providers, and ongoing technology change across the financial services sector.

There is continued regulatory focus as the UK Operational Resilience and EU DORA regimes mature, with increased expectations for demonstrable resilience of critical business services and effective oversight of critical third parties.

Each business unit continues to carry out assurance activities through local resilience and business continuity programmes to ensure robust plans are in place to limit business disruption in a range of severe but plausible events.

#### PR4.2

##### SUB RISK

The risk that statutory reporting (financial and regulatory reports) includes material misstatements or non-compliance issues.

##### RISK APPETITE

The Group's approach is to minimise and actively manage the risk of material misstatement or non-compliance in statutory financial and regulatory reporting. The Group maintains robust controls and oversight to ensure the accuracy, completeness, and compliance of its disclosures.

##### MITIGATION

Rigorous reporting and controls processes, robust frameworks and proactive oversight ensure adherence to regulatory requirements and timely reporting. Monitoring and validation help ensure the accuracy and reliability of financial and regulatory reports.

##### RECENT CHANGE / OUTLOOK

Developments such as evolving accounting standards, regulatory reporting reforms, and enhanced expectations for data quality, governance, and controls continue to place a strong emphasis on the integrity of statutory and regulatory reporting.

Regulatory expectations around climate-related and sustainability disclosures continue to increase in scope, consistency, and assurance across the UK and EU.

The Financial Reporting Council (FRC) published the updated UK Corporate Governance Code in January 2024. Most of the changes in the 2024 Code took effect for financial years beginning on or after 1 January 2025 with a stronger emphasis on board accountability, internal controls, and reporting transparency. A key new requirement Provision 29, which asks boards to make a formal annual declaration on the effectiveness of their material risk management and internal control frameworks will apply to financial years beginning on or after 1 January 2026.

## PR4.3

### SUB RISK

Risk that intentional acts of fraud whether internal (by employees or management) or external (by customers, vendors, or third parties) could lead to financial loss, regulatory sanctions, reputational damage, and erosion of client trust.

### RISK APPETITE

The Group aims to minimise any exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business. Any suspected or confirmed incidents are escalated and managed promptly.

### MITIGATION

Fraud risk is managed through strong governance, clear accountability and continuous monitoring.

Frameworks, oversight and reporting mechanisms support the detection and investigation of potential fraud.

### RECENT CHANGE / OUTLOOK

In September 2025, a new UK law came into effect under the Economic Crime and Corporate Transparency Act 2023. It introduces a corporate offence of failing to prevent fraud, aimed at strengthening how organisations tackle economic crime. Organisations may be held criminally liable if an associated person such as an employee, agent, subsidiary, or someone acting for the organisation commits a fraud offence intended to benefit the organisation (or its clients), unless the organisation can demonstrate it had 'reasonable fraud prevention procedures' in place. If found liable, the organisation may face unlimited fines, regardless of whether senior management was aware of the fraud.

Chesnara has taken steps to ensure our responsibilities under the new law are met by putting in place measures based on the government's six key principles for fraud prevention.

## PR4.4

### SUB RISK

Risk that counterparties, outsourced service providers (OSPs), or third parties may default on contractual obligations or fail to deliver critical business services as agreed.

### RISK APPETITE

The Group aims to minimise risks arising from counterparty or third-party failure through due diligence and active oversight.

### MITIGATION

Risks from counterparties, OSPs and third-party providers are managed through careful selection and onboarding processes.

Ongoing oversight and monitoring of key performance indicators is carried out through comprehensive management information flows.

### RECENT CHANGE / OUTLOOK

Ongoing economic uncertainty, higher interest rates, market volatility increases pressure on the financial resilience of a wide range of counterparties including suppliers, intermediaries, and service providers.

UK and EU regulators are increasing scrutiny of firms' management of counterparty and third-party risk, including oversight of critical suppliers, credit exposures, and downstream impacts on customers and market integrity. We maintain oversight of our third party contractual relationships and have identified our material third-party relationships in line with the relevant requirements.

Regulators have continued to emphasise the importance of robust counterparty risk management, including financial assessment, concentration risk, contractual protections, and contingency planning. We monitor our counterparty and concentration risk exposures against our defined risk appetite tolerances on a quarterly basis.

## PR5: IT/ DATA SECURITY RISK

IT and data security risk could have a material impact on the Group's operational resilience, financial performance and reputation. As a custodian of sensitive customer and business data, the Group is exposed to information security risks arising from failures in internal systems, processes or controls, as well as from increasingly sophisticated malicious cyber activity, including targeted attacks, malware, phishing and ransomware. The Group's exposure is further influenced by its reliance on third-party service providers, which may introduce additional vulnerabilities.

A significant cyber or data security incident could result in financial losses, regulatory sanctions, or remediation and recovery costs, as well as the inability to perform critical business functions or deliver services to policyholders. The loss, corruption or unauthorised disclosure of sensitive data could lead to reputational damage, reduced stakeholder confidence and adverse regulatory outcomes.

### PR5.1

#### SUB RISK

Risk that cyber-attacks or failures in IT data security controls could compromise the confidentiality, integrity, or availability of information systems and data.

#### RISK APPETITE

The Group aims to minimise its exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.

#### MITIGATION

Robust IT frameworks, continuous monitoring and proactive vulnerability testing are in place to support the protection of data confidentiality, integrity and availability.

Technical controls are supported by routine penetration and vulnerability testing across internal systems and key third-party service providers.

A comprehensive security awareness programme is in place, including regular staff training and periodic employee phishing simulations.

Implementation of disaster recovery and business continuity plans, which are regularly reviewed, tested, and monitored to ensure operational resilience and timely recovery in the event of a security incident or system disruption.

Chesnara has cyber insurance in place which covers all of the UK operations including Head Office. Elsewhere in the Group, where cyber insurance is not in place, we are able to access support and resources (e.g. forensic analysis) through existing contracts with third parties.

#### RECENT CHANGE / OUTLOOK

The Group continues to invest in the incremental strengthening of its cyber risk resilience and response options.

Cyber risk remains elevated and persistent, driven by evolving threat actors, geopolitical tensions, and increased system interconnectivity across the financial sector. The growing use of AI and automation introduces additional risks related to model security, data integrity, and control transparency.

Regulators continue to treat cyber security and IT resilience as core supervisory priorities for financial services firms. In the UK, the FCA, PRA and Bank of England have reinforced expectations under the operational resilience framework and introduced the Critical Third Parties (CTP) regime, extending regulatory oversight to key technology and service providers whose disruption could threaten financial stability. In the EU, DORA introduces harmonised and more prescriptive requirements for ICT risk management, cyber incident reporting, resilience testing, and oversight of critical ICT third-party providers.

## PR6: REGULATORY RISK

Chesnara currently operates in three main regulatory domains and is therefore exposed to potential for inconsistent application of regulatory standards across divisions, such as the imposition of higher capital buffers over and above regulatory minimum requirements. Potential consequences of this risk for Chesnara are the constraining of efficient and fluid use of capital within the Group or creating a non-level playing field with respect to future new business/acquisitions.

Regulatory developments continue to drive a high level of change activity across the Group, with items such as operational resilience, climate related regulation, consumer protection and ESG related reporting being particularly high profile. Such regulatory initiatives carry the risk of expense overruns should it not be possible to adhere to them in a manner that is proportionate to the nature and scale of Chesnara's businesses. The Group is therefore exposed to the risk of:

- incurring one-off costs of addressing regulatory change as well as any permanent increases in the cost base in order to meet enhanced ongoing standards;
- erosion in value arising from regulatory intervention which impacts the economics of our business, e.g. enforcing a reduction in future policy charges;
- erosion in value arising from pressure or enforcement to financially compensate for past practice or failure; and
- regulatory fines or censure in the event that it fails to deliver changes to the required regulatory standards on a timely basis.

The Group is also exposed to the risk of non-compliance with existing or evolving regulatory requirements, across a range of areas (e.g. tax, law, employment practices) and territories, resulting in a high level of complexity. Compliance failures could result in supervisory intervention, enforcement action or restrictions on business activities.

### PR6.1

#### SUB RISK

The risk of regulatory failure, including failure to comply with regulations or meet regulatory expectations, as well as adverse changes in regulator or industry practices or the inconsistent interpretation and application across jurisdictions.

#### RISK APPETITE

The Group aims to minimise any exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.

#### MITIGATION

Regulatory obligations are managed through strong open relationships with all regulators and continuous monitoring of regulatory developments and industry practices.

Processes and frameworks are designed to prevent breaches and ensure operations remain aligned with regulatory expectations across jurisdictions. This is supported by performing regular internal reviews of compliance with regulations.

Scenario tests are performed to understand the potential impacts of adverse political, regulatory or legal changes, along with consideration of actions that may be taken to minimise the impact, should they arise.

#### RECENT CHANGE / OUTLOOK

There continues to be active regulatory agendas across the territories in which we operate, with the potential for divergence of regulatory approaches amongst European regulators with possible implications for the Group's capital, regulatory supervision and structure. The announcement of the proposed acquisition of Scottish Widows Europe SA in Luxembourg means we will be operating in a new territory and with a new European regulator.

The European Parliament approved the final text of the Solvency II review in 2024 with the Solvency II Directive amended on 5 November 2024. Following this a consultation on the next level of regulation - the Level 2 Delegated Regulation - was launched in July 2025, and at the end of October 2025 the final version of the Solvency II Delegated Regulation

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was adopted. The next steps are for this to be subject to scrutiny by the EU Parliament and Council. The final version is expected to enter into force from 30 January 2027.

The Group is subject to evolving regimes governing the recovery, resolution or restructuring of insurance companies. As part of the global regulatory response to the risk of failure of systemically important financial institutions, banks and insurance companies have been the focus of new recovery and resolution planning requirements developed by regulators and policy makers. In the UK the PRA and FCA guidance encourages firms to embed exit strategies into risk management frameworks and stress test scenarios to ensure that even in adverse conditions, obligations can be met without requiring an insolvency process. The PRA's solvent exit planning rules and expectations are due to come into force on 30 June 2026.

There continues to be a strong focus on consumer protection. Following the implementation of Consumer Duty the FCA outlined priority focus areas through 2025/26, including fair value, vulnerable customers, monitoring outcomes and how the Duty applies across distribution chains. It is expected there will be further consultations in 2026. In addition, the FCA has confirmed that it will, together with the Information Commissioners Office (ICO), provide further clarity on the interaction between expectations on balancing vulnerability, data sharing and data protection. Guidance is expected to be published in Q1 of 2026.

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## DIRECTORS' RESPONSIBILITIES STATEMENT

With regards to this preliminary announcement, the Directors confirm to the best of their knowledge that:

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and profit for the Company and the undertakings included in the consolidation as a whole;

Pursuant to Disclosure and Transparency Rules Chapter 4, the Chairman's Statement and Management Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the business.

On behalf of the Board

Luke Savage  
Chairman

Steve Murray  
Chief Executive Officer

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHESNARA PLC ON THE PRELIMINARY ANNOUNCEMENT OF CHESNARA PLC**

As the independent auditor of Chesnara plc we are required by UK Listing Rule LR 9.7A.1(2)R to agree to the publication of Chesnara plc's preliminary announcement statement of annual results for the period ended 31 December 2025.

The preliminary statement of annual results for the period ended 31 December 2025 includes disclosures required by the Listing Rules and additional content such as 2025 Financial Highlights, the Chair's Statement, Chief Executive Officer's Report and Chief Financial Officer's Report, Report, Business Review, Financial Review, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Cash flows, Consolidated Statement of Changes in Equity and certain notes to the consolidated financial statements. We are not required to agree to the publication of presentations to analysts.

The directors of Chesnara plc are responsible for the preparation, presentation and publication of the preliminary statement of annual results in accordance with the UK Listing Rules.

We are responsible for agreeing to the publication of the preliminary statement of annual results, having regard to the Financial Reporting Council's Bulletin "The Auditor's Association with Preliminary Announcements made in accordance with UK Listing Rules".

Status of our audit of the financial statements

Our audit of the annual financial statements of Chesnara plc is complete and we signed our auditor's report on 23 March 2026. Our auditor's report is not modified and contains no emphasis of matter paragraph.

Our audit report on the full financial statements sets out the following key audit matters which had the greatest effect on our overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those key audit matters and the key observations arising from our work:

## **Expense assumptions used in the valuation of insurance contract liabilities**

### **Key audit matter description**

The group's insurance contract liabilities are one of the largest balances on the balance sheet, held at £3.9bn (2024: £4.1bn) at 31 December 2025. The valuation of insurance contract liabilities is determined using actuarial assumptions that require complex judgments and forward-looking estimates made by management. A number of the assumptions, such as mortality and morbidity, economic assumptions and lapse rates, are made with reference to industry tables and actual experience, thereby reducing the susceptibility of these assumptions to manipulation and bias.

The expense assumptions require management to make significant judgments and estimates relating to the future expenses attributable to insurance contracts. The risk associated with the expense assumptions is higher than other actuarial assumptions as a result of:

- planned changes to the policy administration outsourcing arrangements of CA plc, including the anticipated costs and timing of migration and termination;
- the judgment involved in assessing the impacts that the merger of the former-Scildon and former-Waard divisions will have on the future cost-base of the Netherlands division;
- the impact of inflation on future expenses in the short- and long-term, particularly given recent changes in the group's macroeconomic environments; and
- uncertainties in the costs of maintaining insurance portfolios in run-off, particularly where variable cost assumptions are used.

Given the significance of the insurance contract liabilities held within CA plc (£1.3bn) and the Netherlands (£2.4bn), as well as the division-specific matters outlined above, our key audit matter was pinpointed to the expense assumptions within these divisions. As the expense assumptions are susceptible to manipulation by management, impacting its reported profit before taxation and net assets, we determined that there was a risk of material misstatement due to fraud and therefore identified this area as a key audit matter.

### **How the scope of our audit responded to the key audit matter**

In respect of the expense assumptions used in the valuation of insurance contract liabilities, we performed the following procedures:

- obtained an understanding of relevant controls in place around management's assumption setting processes at the group and divisional-level;
- with the involvement of actuarial specialists, evaluated the appropriateness of expense assumptions and methodology. Our assessment considered the reasonableness of forecasts for future periods with reference to the group's internal and external business environments, the impacts of any planned management actions, and whether the assumptions have been subject to management bias;
- tested actual expenses in the year-ended 31 December 2025 and compared these to management's previous forecasts to understand the predictive accuracy of management's process;
- assessed the mechanical accuracy of management's underlying expense calculations, verifying that management's selected methodology had been applied correctly; and
- assessed the appropriateness of the disclosures within the financial statements in relation to expense assumptions used in the valuation of the underlying insurance contract liabilities.

### **Key observations**

Based on the procedures performed, we consider the expense assumptions used in the valuation of insurance contract liabilities and related disclosures to be appropriate.

## Valuation of Chesnara plc's investment in Countrywide Assured plc ('CA plc')

### Key audit matter description

Chesnara plc holds investments in subsidiaries totalling £361.7m (2024: £389.9m) on its parent company balance sheet, measured at cost less cumulative impairment losses.

In line with IAS 36 'Impairment of Assets', management are required to carry out an impairment assessment if there is an indication of impairment loss at the balance sheet date. Through its assessment, management evaluated whether the investment in CA plc was carried at less than its recoverable amount, which is the higher of fair value less costs of disposal and value in use, and therefore whether an impairment is required.

In recent years, management have recognised impairment losses in respect of the CA plc business as dividends paid to the parent company have exceeded its annual earnings. The impairment assessment performed at the balance sheet highlighted £28.2m (2024: £4.0m) of impairment over the carrying value of the investment, with the recoverable amount determined using the 'value in use' method permitted by IAS 36. Management's value in use calculations involved forward-looking dividend forecasts based on the emergence of surpluses for CA plc's in-force business on a Solvency II basis, as well as assumptions regarding the pattern and period over which its business will run-off in the long-term.

Due to the potential for management to introduce inappropriate bias to estimates made in the impairment assessment when determining the value in use, with impairment losses impacting the parent company income statement and balance sheet, we determined that there was a risk of material misstatement due to fraud and therefore identified this area as a key audit matter.

### How the scope of our audit responded to the key audit matter

In respect of the valuation of Chesnara plc's investment in CA plc, we performed the following procedures:

- obtained an understanding of relevant controls in place over management's impairment assessment and value in use calculation processes;
- evaluated management's methodology for determining the recoverable amount of CA plc in accordance with IAS 36;
- challenged the reasonableness of management's dividend forecasts and long-term assumptions regarding the run-off of CA plc's in-force business, with reference to our knowledge of CA plc's internal and external business environments and recently observed performance;
- with the involvement of valuation specialists, challenged the reasonableness of discount rate assumptions used; and
- evaluated the appropriateness of disclosures included in Note A5 of the financial statements within the Annual Report and Accounts.

### Key observations

Based on the procedures performed, we consider the carrying value of Chesnara plc's investment in CA plc to be appropriate.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

### Procedures performed to agree to the preliminary announcement of annual results

In order to agree to the publication of the preliminary announcement of annual results of Chesnara plc we carried out the following procedures:

- (a) checked that the figures in the preliminary announcement covering the full year have been accurately extracted from the audited or draft financial statements and reflect the presentation to be adopted in the audited financial statements;
- (b) considered whether the information (including the management commentary) is consistent with other expected contents of the annual report;
- (c) considered whether the financial information in the preliminary announcement is misstated;
- (d) considered whether the preliminary announcement includes a statement by directors as required by section 435 of CA 2006 and whether the preliminary announcement includes the minimum information required by UKLA Listing Rule 9.7A.1;
- (e) where the preliminary announcement includes alternative performance measures ("APMs"), considered whether appropriate prominence is given to statutory financial information and whether:
  - the use, relevance and reliability of APMs has been explained;
  - the APMs used have been clearly defined, and have been given meaningful labels reflecting their content and basis of calculation;

- the APMs have been reconciled to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period; and
- comparatives have been included, and where the basis of calculation has changed over time this is explained.

(f) read the management commentary, any other narrative disclosures and any final interim period figures and considered whether they are fair, balanced and understandable.

### Use of our report

Our liability for this report, and for our full audit report on the financial statements is to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for our audit report or this report, or for the opinions we have formed.

Matthew Bainbridge (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
23 March 2025

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December	2025	2024
	£m	£m
Insurance revenue	227.0	261.9
Insurance service expense	(208.1)	(244.1)
Net expenses from reinsurance contracts held	3.0	(9.2)
<b>Insurance service result</b>	<b>21.9</b>	<b>8.6</b>
Net investment return	649.2	1,286.1
Net finance (expenses) / income from insurance contracts issued	(205.6)	(334.8)
Net finance income / (expenses) from reinsurance contracts held	14.2	2.6
Net change in investment contract liabilities	(345.2)	(740.4)
Change in liabilities relating to policyholders' funds held by the group	(62.4)	(160.8)
<b>Net investment result</b>	<b>50.2</b>	<b>52.7</b>
Fee, commission and other operating income	114.2	104.2
<b>Total revenue net of investment result</b>	<b>186.3</b>	<b>165.5</b>
Other operating expenses	(156.1)	(133.6)
<b>Total income less expenses</b>	<b>30.2</b>	<b>31.9</b>
Financing costs	(11.4)	(11.1)
<b>Profit / (loss) before income taxes</b>	<b>18.8</b>	<b>20.8</b>
Income tax credit	(29.2)	(16.9)

<b>Profit / (loss) for the period</b>	<b>(10.4)</b>	<b>3.9</b>
<b>Items that may be reclassified subsequently to profit and loss:</b>		
Foreign exchange translation differences arising on the revaluation of foreign operations	20.5	(15.3)
Revaluation of land and building	-	0.4
<b>Items that will not be reclassified to profit and loss:</b>		
Revaluation of pension obligations after tax	2.1	-
<b>Other comprehensive (expense) / income for the period, net of tax</b>	<b>22.6</b>	<b>(14.9)</b>
<b>Total comprehensive income / (expense) for the period</b>	<b>12.2</b>	<b>(11.0)</b>
Basic earnings per share (based on profit or loss for the period)	(5.05p)	2.27p
Diluted earnings per share (based on profit or loss for the period)	(5.05p)	2.23p

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>2025</b>	<b>2024</b>
	<b>£m</b>	<b>£m</b>
<b>Assets</b>		
Intangible assets	89.4	87.2
Property and equipment	7.6	7.8
Investment properties	91.0	91.7
Deferred tax assets	31.8	38.9
Insurance contract assets	-	1.8
Reinsurance contract assets	168.0	169.9
Amounts deposited with reinsurers	35.0	34.3
Financial investments	13,948.2	12,116.7
Derivative financial instruments	0.9	0.1
Other assets	58.8	68.7
Cash and cash equivalents	145.3	138.0
<b>Total assets</b>	<b>14,576.0</b>	<b>12,755.1</b>
<b>Liabilities</b>		
Insurance contract liabilities	3,940.7	4,099.1
Reinsurance contract liabilities	10.5	16.6
Other provisions	21.7	20.3
Investment contracts at fair value through profit or loss	6,717.0	6,116.7
Liabilities relating to policyholders' funds held by the group	2,938.5	1,825.5
Lease contract liabilities	1.7	0.6

Borrowings	203.0	204.8
Derivative financial instruments	0.1	0.6
Deferred tax liabilities	48.3	24.7
Deferred income	1.1	1.3
Other current liabilities	129.5	129.7
Bank overdrafts	0.6	0.8
<b>Total liabilities</b>	<b>14,012.7</b>	<b>12,440.7</b>
<b>Net assets</b>	<b>563.3</b>	<b>314.4</b>
<b>Shareholders' equity</b>		
Share capital	11.5	7.5
Share premium	270.9	142.5
Merger reserve	36.3	36.3
Tier 1 Notes	147.8	-
Treasury shares	(1.0)	-
Other reserves	14.2	(8.4)
Retained earnings	83.6	136.5
<b>Total shareholders' equity</b>	<b>563.3</b>	<b>314.4</b>

Approved by the Board of Directors and authorised for issue on 23 March 2026 and signed on its behalf by:

Luke Savage  
Chairman

Steve Murray  
Chief Executive Officer

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December

	2025	2024
	£m	(restated) £m
<b>Profit / (Loss) for the period</b>	<b>(10.4)</b>	<b>3.9</b>
Adjustments for:		
Depreciation of property and equipment	1.0	0.9
Depreciation on right of use assets	0.6	0.8
Amortisation and impairment of intangible assets	16.7	16.1
Share based payment	(0.5)	2.0
Tax expense	29.2	16.9
Interest receivable	(22.6)	(18.5)
Dividends receivable	(29.7)	(34.9)

Interest expense	11.3	10.5
Fair value gains on financial assets and investment properties	(649.2)	(1,286.1)
Increase in intangible assets related to investment contracts	(10.9)	(11.3)
<b>Adjustment total</b>	<b>(654.1)</b>	<b>(1,303.6)</b>
Interest received	21.5	18.1
Dividends received	29.1	35.2
Changes in operating assets and liabilities:		
(Increase) / decrease in financial assets and investment properties	(394.3)	156.1
(Increase) / decrease in net reinsurance contract assets	(3.2)	14.8
Increase in amounts deposited with reinsurers	(0.8)	(1.8)
Decrease in other assets	52.6	16.2
(Decrease) / increase in net insurance contract liabilities	(318.2)	35.7
Increase in investment contract liabilities	1,093.9	1,121.0
Increase / (decrease) in provisions	0.7	(2.2)
Decrease in other current liabilities	(36.1)	(53.7)
<b>Cash (utilised)/ generated by operations</b>	<b>(219.3)</b>	<b>39.7</b>
Income tax (paid)/recovered	(0.5)	3.7
<b>Net cash (utilised)/generated from operating activities</b>	<b>(219.8)</b>	<b>43.4</b>
<b>Cash flows from investing activities</b>		
Clawback of consideration for acquisition of a subsidiary	-	1.0
Net purchases of property and equipment	(0.9)	(0.8)
<b>Net cash (utilised)/generated by investing activities</b>	<b>(0.9)</b>	<b>0.2</b>
<b>Cash flows from financing activities</b>		
Net proceeds from the rights issue	136.4	-
Transaction costs related to rights issue	(4.0)	-
Net proceeds from the issue of Tier 1 Notes	148.7	-
Transaction costs related to issue of Tier 1 Notes	(0.9)	-
Repayment of borrowings	(1.8)	(2.6)
Repayment of lease liabilities	(0.6)	(0.3)
Purchase of treasury shares	(1.0)	-
Dividends paid	(42.0)	(36.5)
Interest paid	(11.0)	(10.3)
<b>Net cash generated/(utilised) by financing activities</b>	<b>223.8</b>	<b>(49.7)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3.1</b>	<b>(6.1)</b>

Net cash and cash equivalents at beginning of period	137.2	145.9
Effect of exchange rate changes on net cash and cash equivalents	4.4	(2.6)
<b>Net cash and cash equivalents at end of the period</b>	<b>144.7</b>	<b>137.2</b>

Note: Net cash and cash equivalents include overdrafts.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 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
<b>Equity shareholders' funds at 1 January 2025</b>	<b>7.5</b>	<b>142.5</b>	<b>36.3</b>	-	-	<b>(8.4)</b>	<b>136.5</b>	<b>314.4</b>
Profit for the year	-	-	-	-	-	-	(10.4)	(10.4)
Foreign exchange translation differences	-	-	-	-	-	20.5	-	20.5
Other items of comprehensive income	-	-	-	-	-	2.1	-	2.1
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22.6</b>	<b>(10.4)</b>	<b>12.2</b>
Issue of new ordinary shares	4.0	128.4	-	-	-	-	-	132.4
Issue of Tier 1 Notes	-	-	-	147.8	-	-	-	147.8
Dividends paid	-	-	-	-	-	-	(42.0)	(42.0)
Shares purchased by the employee benefit trust	-	-	-	-	(1.0)	-	-	(1.0)
Share based payment	-	-	-	-	-	-	(0.5)	(0.5)
<b>Equity shareholders' funds at 31 December 2025</b>	<b>11.5</b>	<b>270.9</b>	<b>36.3</b>	<b>147.8</b>	<b>(1.0)</b>	<b>14.2</b>	<b>83.6</b>	<b>563.3</b>

Year ended 31 December 2024	Share capital £m	Share premium £m	Merger reserve £m	Tier 1 Notes £m	Treasury shares £m	Other reserves £m	Retained earnings £m	Total £m
<b>Equity shareholders' funds at 1 January 2024</b>	<b>7.5</b>	<b>142.5</b>	<b>36.3</b>	-	-	<b>6.5</b>	<b>167.0</b>	<b>359.8</b>
Profit for the year	-	-	-	-	-	-	3.9	3.9
Foreign exchange translation differences	-	-	-	-	-	(15.3)	-	(15.3)
Other items of comprehensive income	-	-	-	-	-	0.4	-	0.4
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14.9)</b>	<b>3.9</b>	<b>(11.0)</b>
Dividends paid	-	-	-	-	-	-	(36.5)	(36.5)
Share based payment	-	-	-	-	-	-	2.1	2.1
<b>Equity shareholders' funds at 31 December 2024</b>	<b>7.5</b>	<b>142.5</b>	<b>36.3</b>	<b>-</b>	<b>-</b>	<b>(8.4)</b>	<b>136.5</b>	<b>314.4</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 Basis of preparation

The consolidated and parent company financial statements have been prepared on a going concern basis. The directors believe that they have a reasonable expectation that the group has adequate resources to continue in operational existence for a minimum of twelve months from the date of signing. In making this assessment, the directors have taken into consideration the points as set out in the Financial Management section of the Annual Report and Accounts under the heading 'Maintain the group as a going concern'.

The consolidated and Parent Company financial statements have been prepared on a going concern basis. The directors believe that they have a reasonable expectation that the group has adequate resources to continue in operational existence for a minimum of twelve months from the date of signing. In making this assessment, the directors have taken into consideration the points as set out in the Financial Management section of the Annual Report and Accounts under the heading 'Maintain the group as a going concern'.

The financial statements are presented in pounds sterling, rounded to the nearest one hundred thousand, and are prepared on the historical cost basis except for insurance and reinsurance contracts which are stated at their fulfilment value in accordance with IFRS 17 and the following assets and liabilities which are stated at their fair value: derivative financial instruments; financial instruments at fair value through profit or loss; investment property; and investment contract liabilities at fair value through profit or loss.

Assets and liabilities are presented in order of increasing liquidity in the statement of financial position. In addition, amounts expected to be recovered or settled within a year are classified as current in the notes to the accounts. If they are expected to be recovered or settled in more than one year, they are classified as non-current in the notes to the accounts.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The Group prepares interim financial statements at half-year and as permitted by IFRS 17 has elected to apply the 'year-to-date' method and restate estimates in respect of insurance contracts made in the previous interim financial statements, in these year-end financial statements. This accounting policy election applies to all groups of insurance and reinsurance contracts.

The accounting policies, unless otherwise stated, have been applied consistently to all years presented in these consolidated financial statements.

The consolidated financial statements have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with United Kingdom adopted international accounting standards.

### Restatement of prior year numbers

A prior year restatement has been applied in respect of the presentation of policyholder yield taxes paid in Sweden within the consolidated statement of cash flows.

In the previously reported financial statements for the year ended 31 December 2024, policyholder yield taxes totalling £40.8m 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. The impacts of this restatement are shown in the table below:

	As reported	Restated
	£m	£m

Increase / (decrease) in other current liabilities	(12.9)	(53.7)
Cash generated / (utilised) by operations	80.5	39.7
Income tax (paid) / recovered	(37.1)	3.7
Net cash generated / (utilised) from operating activities	43.4	43.4

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 9 / IFRS 7 Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 18 Presentation and disclosure financial statements	1 January 2027
IFRS 19 Subsidiaries without public accountability	1 January 2027

The directors do not expect that the adoption of the IFRS 9 / IFRS 7 amendments have a material impact on the financial statements of the group in future periods. The directors expect that the adoption of IFRS 18 will have a material impact on the presentation of the primary statements in future periods. The directors do not expect that the adoption of IFRS19 will have a material impact of the financial statements of the group in future periods.

### BEPS 2.0

The Organisation for Economic Cooperation and Development's (OECD) Pillar Two rules introduce a global minimum effective tax rate of 15% for multinational enterprise groups with consolidated revenue of at least €750m in at least two of the preceding four years. The Chesnara Group operates in the United Kingdom, Sweden and the Netherlands, all of which have now enacted domestic Pillar Two legislation and continue to refine those rules through technical amendments and administrative guidance.

Chesnara's consolidated revenues remain below the €750m threshold and the Group therefore continues to be out of scope of the Pillar Two rules for the year ended 31 December 2025. . For the purpose of assessing the Pillar Two revenue threshold, consolidated revenue is determined in accordance with IFRS and excludes amounts relating to unit-linked policyholder investment returns, which are economically attributable to policyholders rather than the Group. Accordingly, no amounts in respect of Pillar Two current or deferred tax have been recognised in these financial statements and the Group applies the temporary exception from recognising and disclosing deferred taxes arising from Pillar Two income taxes.

The Group continues to monitor the implementation of Pillar Two in the UK, Sweden and the Netherlands, including technical amendments incorporating OECD administrative guidance across jurisdictions (notably the interpretation and application of OECD guidance in Sweden in connection with insurance investment funds) as well as the development of safe harbours and associated reporting requirements. In doing so, the Group assesses the impact of business growth and future acquisitions, effective tax rates across jurisdictions and the interaction of local tax regimes with GloBE rules. Based on our assessment as at 31 December 2025, no Pillar Two top-up tax exposure is expected and no additional IAS 12 disclosures are required.

## 2 Significant accounting 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 205 Annual Report and Accounts. The potential impact on the group has been considered in the preparation of these financial statements, including management's evaluation of critical accounting judgements and estimates. Further information on discount rates applied in these financial statements is provided below.

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, which is aligned to the SII volatility adjustment.

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.

The cash flows are discounted using a discount rate that adjusts risk-free yields for portfolio specific characteristics, with differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium).

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.

### 3 Earnings per share

Earnings per share are based on the following:

Year ended 31 December	2025	2024
(Loss)/profit for the year attributable to shareholders (£m)	(10.4)	3.9
Weighted average number of ordinary shares	205,240,821	150,938,024
Basic earnings per share	(5.05)p	2.27p <sup>1</sup>
Diluted earnings per share	(5.05)p	2.23p <sup>1</sup>

<sup>1</sup>A rights issue was effected in July 2025, on the basis of 10 new ordinary shares for every 19 existing ordinary shares. The issue was fully underwritten at 176p per share to raise gross proceeds of approximately £140 million. An adjustment has been made to the 2024 earnings per share to account for the effect of the bonus element of the rights issue.

The weighted average number of ordinary shares in respect of the year ended 31 December 2025 is based upon 230,533,743 shares in issue at the year end date, excluding treasury shares. Shares held in treasury relate to shares held by the Employee Benefit Trust.

There were 2,871,227 share options outstanding at 31 December 2025 (2024: 2,330,118). Accordingly, there is dilution of the average number of ordinary shares in issue in respect of 2024 but no dilution in 2025, due to the loss.

### 4 Retained earnings

Group Year ended 31 December	2025 £m	2024 £m
Retained earnings attributable to equity holders of the parent company comprise:		
<b>Balance at 1 January</b>	<b>136.5</b>	<b>167.0</b>
Profit / (loss) for the year	(10.4)	3.9
Share based payment	(0.5)	2.1
Dividends		
Final approved and paid for 2023	-	(23.5)
Interim approved and paid for 2024	-	(13.0)
Final approved and paid for 2024	(24.3)	-
Interim approved and paid for 2025	(17.7)	-
<b>Balance at 31 December</b>	<b>83.6</b>	<b>136.5</b>

A final dividend of 14.80p per share in respect of the year ended 31 December 2025 payable on 20 May 2026 to equity shareholders of the parent company registered at the close of business on 7 April 2026, the

dividend record date, was approved by the directors after the year-end date. The resulting total final dividend of £34.2m has not been provided for in these financial statements and there are no income tax consequences.

The interim dividend in respect of 2025, approved and paid in 2025, was paid at the rate of 7.70p per share to equity shareholders of the parent company registered at the close of business on 5 September 2025, the dividend record date.

The interim dividend in respect of 2024, approved and paid in 2024 was paid at the rate of 8.61p per share. The final dividend in respect of 2024, approved and paid in 2025, was paid at the rate of 16.08p per share so that the total dividend paid to the equity shareholders of the parent company in respect of the year ended 31 December 2024 was made at the rate of 24.69p per share.

## 5 Operating segments

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

The segments of the group as at 31 December 2025 comprise:

**UK:** This segment comprises the UK's life insurance and pensions business, Countrywide Assured plc (CA), the group's principal UK operating subsidiary.

The segment has grown through acquisitions and includes the unit-linked bond and pension business of Canada Life Limited which was acquired in 2024. The Part VII transfer of the onshore individual protection business 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 and also provides some life and health product offerings.

**Netherlands:** This is comprised of the formerly separate businesses, Waard and Scildon, which merged in July 2025 and now trade under the brand name Scildon.

This combined segment comprises the Group's Dutch life insurance business, with a portfolio of long-term savings, protection business 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 our Dutch businesses, the prior year comparatives have been restated to maintain comparability.

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

The accounting policies of the segments are the same as those for the group as a whole. Any transactions between the business segments are on normal commercial terms in normal market conditions. The Group evaluates the performance of operating segments on the basis of the profit before tax attributable to shareholders of the reporting segments and the group as a whole. There were no changes to the measurement basis for segment profit during the year ended 31 December 2025.

### (i) Segmental income statement for the year ended 31 December 2025

	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	Total £m
Insurance revenue	78.8	10.7	137.5	-	227.0
Insurance service expense	(81.2)	(4.8)	(122.1)	-	(208.1)

Net expenses from reinsurance contracts held	5.3	(1.3)	(1.0)	-	3.0
<b>Segmental insurance service result</b>	<b>2.9</b>	<b>4.6</b>	<b>14.4</b>	<b>-</b>	<b>21.9</b>
Net investment return	421.0	129.1	105.8	(6.7)	649.2
Net finance (expenses)/income from insurance contracts issued	(119.3)	(6.2)	(80.1)	-	(205.6)
Net finance expenses 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)
<b>Segmental investment result</b>	<b>29.3</b>	<b>1.2</b>	<b>26.4</b>	<b>(6.7)</b>	<b>50.2</b>
Fee, commission and other operating income	40.4	73.7	0.1	0.0	114.2
<b>Segmental revenue, net of investment result</b>	<b>72.6</b>	<b>79.5</b>	<b>40.9</b>	<b>(6.7)</b>	<b>186.3</b>
Other operating expenses	(35.9)	(64.7)	(7.9)	(33.9)	(142.4)
Financing costs	(0.1)	(0.3)	-	(11.0)	(11.4)
<b>Profit/(loss) before tax and consolidation adjustments</b>	<b>36.6</b>	<b>14.5</b>	<b>33.0</b>	<b>(51.6)</b>	<b>32.5</b>
Other operating expenses:					
Amortisation and impairment of intangible assets	(3.5)	(10.2)	-	-	(13.7)
<b>Segmental income less expenses</b>	<b>33.1</b>	<b>4.3</b>	<b>33.0</b>	<b>(51.6)</b>	<b>18.8</b>
<b>(Loss)/profit before tax</b>	<b>33.1</b>	<b>4.3</b>	<b>33.0</b>	<b>(51.6)</b>	<b>18.8</b>
Income tax credit / (charge)	(24.0)	(0.2)	(5.7)	0.7	(29.2)
<b>(Loss)/profit after tax</b>	<b>9.1</b>	<b>4.1</b>	<b>27.3</b>	<b>(50.9)</b>	<b>(10.4)</b>

**(ii) Segmental statement of financial position as at 31 December 2025**

	<b>UK £m</b>	<b>Sweden £m</b>	<b>Netherlands £m</b>	<b>Other Group Activities £m</b>	<b>Total £m</b>
Total assets	4,673.4	6,791.4	2,737.0	374.2	14,576.0
Total liabilities	(4,582.5)	(6,687.8)	(2,526.6)	(215.8)	(14,012.7)
<b>Net assets</b>	<b>90.9</b>	<b>103.6</b>	<b>210.4</b>	<b>158.4</b>	<b>563.3</b>

**(iii) Segmental income statement for the year ended 31 December 2024**

	<b>UK £m</b>	<b>Sweden £m</b>	<b>Netherlands (restated) £m</b>	<b>Other Group activities £m</b>	<b>Total £m</b>
Insurance revenue	71.3	10.2	180.4	-	261.9
Insurance service expense	(64.9)	(2.6)	(176.6)	-	(244.1)

Net expenses from reinsurance contracts held	(0.9)	(1.8)	(6.5)	-	(9.2)
<b>Segmental insurance service result</b>	<b>5.5</b>	<b>5.8</b>	<b>(2.7)</b>	<b>-</b>	<b>8.6</b>
Net investment return	380.7	666.6	229.5	9.3	1,286.1
Net finance (expenses)/income from insurance contracts issued	(98.4)	(23.6)	(212.8)	-	(334.8)
Net finance expenses from reinsurance contracts held	3.1	0.3	(0.8)	-	2.6
Net change in investment contract liabilities	(260.0)	(479.6)	(0.8)	-	(740.4)
Change in liabilities relating to policyholders' funds held by the group	-	(160.8)	-	-	(160.8)
<b>Segmental investment result</b>	<b>25.4</b>	<b>2.9</b>	<b>15.1</b>	<b>9.3</b>	<b>52.7</b>
Fee, commission and other operating income	37.4	65.5	0.3	1.0	104.2
<b>Segmental revenue, net of investment result</b>	<b>68.3</b>	<b>74.2</b>	<b>12.7</b>	<b>10.3</b>	<b>165.5</b>
Other operating expenses	(39.7)	(54.9)	(7.6)	(22.0)	(124.2)
Financing costs	(0.2)	(0.4)	-	(10.5)	(11.1)
<b>Profit/(loss) before tax and consolidation adjustments</b>	<b>28.4</b>	<b>18.9</b>	<b>5.1</b>	<b>(22.2)</b>	<b>30.2</b>
Other operating expenses:					
Amortisation and impairment of intangible assets	(0.1)	(9.3)	-	-	(9.4)
<b>Segmental income less expenses</b>	<b>28.3</b>	<b>9.6</b>	<b>5.1</b>	<b>(22.2)</b>	<b>20.8</b>
<b>(Loss)/profit before tax</b>	<b>28.3</b>	<b>9.6</b>	<b>5.1</b>	<b>(22.2)</b>	<b>20.8</b>
Income tax credit / (charge)	(17.0)	(0.5)	(1.2)	1.8	(16.9)
<b>(Loss)/profit after tax</b>	<b>11.3</b>	<b>9.1</b>	<b>3.9</b>	<b>(20.4)</b>	<b>3.9</b>

**(iv) Segmental statement of financial position for the year ended 31 December 2024**

	<b>UK £m</b>	<b>Sweden £m</b>	<b>Netherlands (restated) £m</b>	<b>Other Group Activities £m</b>	<b>Total £m</b>
Total assets	4,473.8	5,269.7	2,887.6	124.0	12,755.1
Total liabilities	(4,347.2)	(5,177.8)	(2,709.9)	(205.8)	(12,440.7)
<b>Net assets</b>	<b>126.6</b>	<b>91.9</b>	<b>177.7</b>	<b>(81.8)</b>	<b>314.4</b>

**6 Borrowings**

**31 December**

	<b>2025 £m</b>	<b>2024 £m</b>
Tier 2 Debt	201.1	200.8
Amount due in relation to financial reinsurance	1.0	2.4
Term finance	0.9	1.6

<b>Total</b>	<b>203.0</b>	<b>204.8</b>
Current	0.8	1.4
Non-current	202.2	203.4
<b>Total</b>	<b>203.0</b>	<b>204.8</b>

The fair value of amounts due in relation to Tier 2 debt at 31 December 2025 was £185.5m (31 December 2024: £166.1m).

The fair value of amounts due in relation to financial reinsurance at 31 December 2025 was £1.0m (31 December 2024: £2.3m).

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

## 7 Financial investments

### (a) Financial investments by classification

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

#### 31 December 2025

	Amortised Cost £m	FVTPL – Designated £m	FVTPL – Mandatory £m	Total £m
<b>Financial investments:</b>				
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
<b>Total</b>	<b>-</b>	<b>4,351.6</b>	<b>9,596.6</b>	<b>13,948.2</b>
<b>Derivatives and other financial assets:</b>				
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
<b>Total financial investments and financial assets</b>	<b>58.8</b>	<b>180.3</b>	<b>0.9</b>	<b>240.0</b>

#### 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
<b>Total financial liabilities</b>	<b>332.5</b>	<b>9,655.5</b>	<b>0.1</b>	<b>9,988.1</b>

31 December 2024	Amortised Cost £m	FVTPL – Designated £m	FVTPL – Mandatory £m	Total £m
<b>Financial investments:</b>				
Equity securities	-	-	191.5	191.5
Holdings in collective investment schemes	-	-	8,661.6	8,661.6
Debt securities – government bonds	-	446.1	-	446.1
Debt securities – other	-	634.7	10.1	644.8
Policyholder funds held by the group	-	1,825.8	-	1,825.8
Mortgage loan portfolio	-	346.9	-	346.9
<b>Total</b>	<b>-</b>	<b>3,253.5</b>	<b>8,863.2</b>	<b>12,116.7</b>
<b>Derivatives and other financial assets:</b>				
Amounts deposited with reinsurers	-	34.3	-	34.3
Derivative financial instruments	-	-	0.1	0.1
Other assets	68.7	-	-	68.7
Cash and cash equivalents	-	138.0	-	138.0
<b>Total financial investments and financial assets</b>	<b>68.7</b>	<b>3,425.8</b>	<b>8,863.3</b>	<b>12,357.8</b>

<b>Financial liabilities</b>				
Investment contracts at fair value through profit or loss	-	6,116.7	-	6,116.7
Liabilities relating to policyholder funds held by the group	-	1,825.5	-	1,825.5
Derivative financial instruments	-	-	0.6	0.6
Borrowings	204.8	-	-	204.8
Other current liabilities	129.7	-	-	129.7
<b>Total financial liabilities</b>	<b>334.5</b>	<b>7,942.2</b>	<b>0.6</b>	<b>8,277.3</b>

(b) Financial investment fair values

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. The following tables 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 using data other than market-observable data within a valuation model for significant inputs (Level 3).

**Fair value measurement at 31 December 2025**

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	-	-	91.0	91.0
<b>Financial assets</b>				
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
<b>Total</b>	<b>13,304.9</b>	<b>428.5</b>	<b>341.7</b>	<b>14,075.1</b>

#### 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
<b>Total</b>	<b>-</b>	<b>9,655.6</b>	<b>-</b>	<b>9,655.6</b>

#### Fair value measurement at 31 December 2024

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	-	-	91.7	91.7
<b>Financial assets</b>				
Equities – Listed	191.5	-	-	191.5
Holdings in collective investment schemes	8,454.1	38.9	168.6	8,661.6
Debt securities – government bonds	446.1	-	-	446.1
Debt securities – other debt securities	644.8	-	-	644.8
Policyholders' funds held by the group	1,781.6	-	44.2	1,825.8
Mortgage loan portfolio	-	346.9	-	346.9
Amounts deposited with reinsurers	-	34.3	-	34.3
Derivative financial instruments	-	0.1	-	0.1
<b>Total</b>	<b>11,518.1</b>	<b>420.2</b>	<b>304.5</b>	<b>12,242.8</b>

#### Financial liabilities

Investment contracts at fair value through profit or loss	-	6,116.7	-	6,116.7
Liabilities related to policyholders' funds held by the group	-	1,825.5	-	1,825.5
Derivative financial instruments	-	0.6	-	0.6
<b>Total</b>	<b>-</b>	<b>7,942.8</b>	<b>-</b>	<b>7,942.8</b>

#### *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 £176.1m (Dec 2024: £168.6m) 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.

#### *Policyholder funds held by the group*

There is also a small holding of assets classified as Level 3 £74.5m (Dec 2024: £44.2m) from our Movestic operation which are unlisted. The valuation of the vast majority of these assets is based on unobservable prices from trading on the over-the-counter market.

#### *Debt securities*

The debt securities classified as Level 2 at 2024 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 value 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 are valued using counterparty or broker quotes and are periodically validated against third-party models.

#### *Derivative financial instruments*

The derivatives financial instruments include a foreign currency hedge related to the group. The hedge was renewed in December 2025, from which point a hedging relationship was designated. The foreign currency hedge is being used as a net investment hedge to manage the impact of foreign exchange movements between sterling and both the euro and Swedish krona.

It includes collars 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 second hedge (strike B) creates a 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).

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the collar. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise if the amount of the investment in the foreign subsidiary was to become lower than the nominal amount of the collar.

The net investment hedges were assessed to be highly effective at 31 December 2025 and a net unrealised loss of £0.1m has been recorded in the translation reserve.

The group's currency risk management strategy is outlined in the risk management section of the financial statements, under the 'Investment and Liquidity Risk' section. Applications of the strategy and tools used to manage the currency translation risk are covered in the financial risk disclosure note in the Annual Report and Accounts. The hedge creates an uncertainty around future cash flows through collateral posted for the derivative, which fluctuates in line with fluctuations in the derivative liability and creates an uncertain, uncapped liquidity requirement when it bites.

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 year-end date. It is, accordingly, determined at Level 2 in the three-level fair value determination hierarchy.

#### *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 instruments 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 4 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 conditional prepayment rate used in the valuation of the fund as at 31 December 2025 was 3.9% (31 December 2024: 3.7%).

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

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

At 31 December 2025 this resulted in discounting the cash flows in each mortgage using a range from 3.81% to 4.70% (31 December 2024: 4.06% to 4.26%).

An impairment percentage is applied to those loan cashflows which are in arrears, to reflect the chance of the loan actually going into default. For those loans which are one, two or three months in arrears, an impairment percentage is applied to reflect the chance of default. This percentage ranges from 0.60% for 1 month in arrears to 13.70% for loans which are 3 months in arrears (31 December 2024: 0.60% for one 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.

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 per cent increase in the discount rate would reduce the value of the asset by £15.1m (31 December 2024: £15.3m).

A 1 per cent decrease in the discount rate would increase the value of the asset by £17.3m (31 December 2024: £17.5m).

#### *Reconciliation of Level 3 fair value measurements of financial instruments*

	31 December 2025			
	Investment properties	Holdings in collective investment schemes	Policyholder funds held by group	Total
	£m	£m	£m	£m
<b>At start of period</b>	<b>91.7</b>	<b>168.6</b>	<b>44.3</b>	<b>304.6</b>
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
<b>At the end of period</b>	<b>91.0</b>	<b>176.1</b>	<b>74.5</b>	<b>341.6</b>

31 December 2024

	Investment properties	Holdings in collective investment schemes	Policyholder funds held by group	Total
	£m	£m	£m	£m
<b>At start of period</b>	<b>88.1</b>	<b>142.5</b>	<b>42.4</b>	<b>273.0</b>
Total gains and losses recognised in the income statement	8.1	33.5	1.9	43.5
Purchases	3.4	-	17.0	20.4
Settlements	(7.9)	-	(13.9)	(21.8)
Exchange rate adjustment	-	(7.4)	(3.2)	(10.6)
<b>At the end of period</b>	<b>91.7</b>	<b>168.6</b>	<b>44.2</b>	<b>304.5</b>

31 December	Carrying amount		Fair value	
	2025 £m	2024 £m	2025 £m	2024 £m
Financial liabilities:				
Borrowings	200.1	200.8	185.8	166.1
Amounts due in relation to financial reinsurance	1.0	2.4	1.0	2.3
Term finance	0.9	1.6	0.9	1.6
<b>Total</b>	<b>202.0</b>	<b>204.8</b>	<b>187.7</b>	<b>170.0</b>

The fair value of the Tier 2 debt is calculated using quoted prices in active markets and they are classified as Level 1 in the fair value hierarchy. The amount due in relation to financial reinsurance is fair valued with reference to market interest rates at the year-end date and is classed as level 2 in the fair value hierarchy.

There were no transfers between Levels 1, 2 and 3 during the year. The group holds no Level 3 liabilities as at the year-end date.

## 8 Insurance and Reinsurance contracts

The following notes provide a quantitative analysis of the insurance and reinsurance contract assets and liabilities and are disaggregated by the IFRS 8 operating segments. This disaggregation has been chosen for the following notes because it is management's view that together with the information in the Underwriting Risk section, it provides the most relevant information for assessing the effect that contracts within the scope of IFRS 17 have on the entity's financial performance and position.

### (i) Composition of the Statement of Financial Position

The following tables show the breakdown of the insurance and reinsurance contract assets and liabilities for each of the operating segments within Chesnara.

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

**31 December 2025**

	<b>UK</b>	<b>Sweden</b>	<b>Netherlands</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Insurance contracts</b>				
Insurance contract liabilities	1,306.4	193.0	2,441.3	3,940.7
Insurance contract assets	-	-	-	-
<b>Net insurance contract liabilities</b>	<b>1,306.4</b>	<b>193.0</b>	<b>2,441.3</b>	<b>3,940.7</b>
<b>Reinsurance contracts</b>				
Reinsurance contract assets	155.0	11.6	1.4	168.0
Reinsurance contract liabilities	(2.0)	-	(8.5)	(10.5)
<b>Net reinsurance contract assets</b>	<b>153.0</b>	<b>11.6</b>	<b>(7.1)</b>	<b>157.5</b>

	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Insurance contract liabilities	523.4	3,417.3	3,940.7
Insurance contract assets	-	-	-
Reinsurance contract assets	30.2	137.8	168.0
Reinsurance contract liabilities	(3.2)	13.7	10.5

**31 December 2024**

	<b>UK</b>	<b>Sweden</b>	<b>Netherlands</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Insurance contracts</b>				
Insurance contract liabilities	1,308.5	174.1	2,616.5	4,099.1
Insurance contract assets	(1.8)	-	-	(1.8)
<b>Net insurance contract liabilities</b>	<b>1,306.7</b>	<b>174.1</b>	<b>2,616.5</b>	<b>4,097.3</b>
<b>Reinsurance contracts</b>				
Reinsurance contract assets	154.8	12.4	2.7	169.9
Reinsurance contract liabilities	(2.0)	-	(14.6)	(16.6)
<b>Net reinsurance contract assets</b>	<b>152.8</b>	<b>12.4</b>	<b>(11.9)</b>	<b>153.3</b>

	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Insurance contract liabilities	730.5	3,368.6	4,099.1
Insurance contract assets	(1.8)	-	(1.8)
Reinsurance contract assets	29.9	140.0	169.9
Reinsurance contract liabilities	0.5	(17.1)	(16.6)

**(ii) Fair value of underlying items**

The following table shows the fair value of the underlying items of the group's direct participating contracts for each reporting segment.

	UK £m	Sweden £m	Netherlands £m	Total £m
<b>Fair value of underlying items as at 31 December 2025</b>	<b>848.1</b>	<b>161.7</b>	<b>1,198.9</b>	<b>2,208.7</b>
<b>Fair value of underlying items as at 31 December 2024 (restated)</b>	<b>711.0</b>	<b>142.4</b>	<b>1,377.7</b>	<b>2,231.1</b>

Composition of underlying items: The majority of the fair value of underlying items across the group are held in collective investment schemes. A small proportion is held in equities, debt securities and in cash and deposits.

### (iii) Insurance contract balances – analysis by remaining coverage and incurred claims

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims			Total £m
	Excluding Loss Component	Loss component	For contracts not under PAA	PV of future cash flows	Risk adjustment	
	£m	£m	£m	£m	£m	
<b>Insurance contract liabilities as at 1 January 2025</b>	<b>3,866.4</b>	<b>102.2</b>	<b>98.5</b>	<b>28.5</b>	<b>1.7</b>	<b>4,097.3</b>
<b>Changes in the statement of profit and loss</b>						
<b>Insurance revenue</b>						
Contracts measured under the fair value approach	(62.2)	-	-	-	-	(62.2)
Contracts measured under the fully retrospective approach	(164.8)	-	-	-	-	(164.8)
<b>Insurance revenue total</b>	<b>(227.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(227.0)</b>
<b>Insurance service expenses</b>						
Incurred claims and other directly attributable expenses	-	(81.0)	234.3	8.8	0.1	162.2
Adjustments to liabilities for incurred claims	-	-	-	(4.5)	(0.2)	(4.7)
Losses and reversals of losses on onerous contracts	-	47.3	-	-	-	47.3
Amortisation of insurance acquisition cash flows	3.3	-	-	-	-	3.3
<b>Insurance service expense total</b>	<b>3.3</b>	<b>(33.7)</b>	<b>234.3</b>	<b>4.3</b>	<b>(0.1)</b>	<b>208.1</b>
<b>Insurance service result</b>	<b>(223.7)</b>	<b>(33.7)</b>	<b>234.3</b>	<b>4.3</b>	<b>(0.1)</b>	<b>(18.9)</b>
Net finance expenses from insurance contracts	204.5	0.7	-	0.4	-	205.6
Effect of movements in exchange rates	151.5	4.2	2.6	3.2	0.1	161.6
<b>Total amounts recognised in comprehensive income</b>	<b>132.3</b>	<b>(28.8)</b>	<b>236.9</b>	<b>7.9</b>	<b>-</b>	<b>348.3</b>
Investment components	(587.6)	-	297.2	-	-	(290.4)
<b>Cash flows</b>						
Premiums received	312.1	-	0.9	-	-	313.0
Claims and other directly attributable expenses paid	-	-	(513.1)	(8.7)	-	(521.8)
Insurance acquisition cash flows	(5.7)	-	-	-	-	(5.7)
<b>Total cash flows</b>	<b>306.4</b>	<b>-</b>	<b>(512.2)</b>	<b>(8.7)</b>	<b>-</b>	<b>(214.5)</b>

<b>Insurance contract liabilities as at 31 December 2025</b>	<b>3,717.5</b>	<b>73.4</b>	<b>120.4</b>	<b>27.7</b>	<b>1.7</b>	<b>3,940.7</b>
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	Liabilities for Remaining Coverage		Liabilities for Incurred Claims			Total
	Excluding Loss Component	Loss component	For contracts not under PAA	PV of future cash flows	Risk adjustment	
	£m	£m	£m	£m	£m	
<b>Insurance contract liabilities as at 1 January 2024</b>	<b>3,958.1</b>	<b>89.4</b>	<b>113.3</b>	<b>37.1</b>	<b>1.2</b>	<b>4,199.1</b>
<b>Changes in the statement of profit and loss</b>						
<b>Insurance revenue</b>						
Contracts measured under the fair value approach	(59.0)	-	-	-	-	(59.0)
Contracts measured under the fully retrospective approach	(202.9)	-	-	-	-	(202.9)
<b>Insurance revenue total</b>	<b>(261.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(261.9)</b>
<b>Insurance service expenses</b>						
Incurred claims and other directly attributable expenses	-	(24.0)	222.4	8.2	0.1	206.7
Adjustments to liabilities for incurred claims	-	-	-	(6.0)	(0.3)	(6.3)
Losses and reversals of losses on onerous contracts	-	40.0	-	-	-	40.0
Amortisation of insurance acquisition cash flows	3.7	-	-	-	-	3.7
<b>Insurance service expense total</b>	<b>3.7</b>	<b>16.0</b>	<b>222.4</b>	<b>2.2</b>	<b>(0.2)</b>	<b>244.1</b>
<b>Insurance service result</b>	<b>(258.2)</b>	<b>16.0</b>	<b>222.4</b>	<b>2.2</b>	<b>(0.2)</b>	<b>(17.8)</b>
Net finance expenses from insurance contracts	333.3	0.7	-	-	0.8	334.8
Effect of movements in exchange rates	(128.8)	(3.9)	(2.2)	(2.5)	(0.1)	(137.5)
<b>Total amounts recognised in comprehensive income</b>	<b>(53.7)</b>	<b>12.8</b>	<b>220.2</b>	<b>(0.3)</b>	<b>0.5</b>	<b>179.5</b>
Investment components	(332.8)	-	332.8	-	-	-
<b>Cash flows</b>						
Premiums received	291.9	-	-	-	-	291.9
Claims and other directly attributable expenses paid	-	-	(555.9)	(8.3)	-	(564.2)
Insurance acquisition cash flows	(6.8)	-	-	-	-	(6.8)
Acquisitions	9.7	-	(11.9)	-	-	(2.2)
<b>Total cash flows</b>	<b>294.8</b>	<b>-</b>	<b>(567.8)</b>	<b>(8.3)</b>	<b>-</b>	<b>(281.3)</b>
<b>Insurance contract liabilities as at 31 December 2024</b>	<b>3,866.4</b>	<b>102.2</b>	<b>98.5</b>	<b>28.5</b>	<b>1.7</b>	<b>4,097.3</b>

**(iv) Insurance contract balances – analysis by measurement component**

	Present value of future cash flows	Risk Adjustment	CSM (new contracts and contracts measured under FRA)	CSM (contracts measured under FVA)	Total
	£m	£m	£m	£m	£m
	<b>Insurance contract liabilities as at 1 January 2025</b>	<b>3,826.5</b>	<b>30.1</b>	<b>167.9</b>	<b>40.8</b>

<b>Changes that relate to current service</b>					
CSM recognised for services provided	-	-	(19.5)	(3.5)	(23.0)
Change in risk adjustment for non-financial risk for risk expired	-	(5.1)	-	-	(5.1)
Experience adjustments	(31.4)	(0.9)	-	-	(32.3)
<b>Total changes that relate to current service</b>	<b>(31.4)</b>	<b>(6.0)</b>	<b>(19.5)</b>	<b>(3.5)</b>	<b>(60.4)</b>
<b>Changes that relate to future service</b>					
Contracts initially recognised in the period	(17.7)	5.1	18.0	-	5.4
Changes in estimates that adjust the CSM	17.9	(0.9)	(21.5)	4.5	-
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	41.9	(0.1)	-	-	41.8
<b>Total changes that relate to future service</b>	<b>42.1</b>	<b>4.1</b>	<b>(3.5)</b>	<b>4.5</b>	<b>47.2</b>
<b>Insurance service result</b>	<b>10.7</b>	<b>(1.9)</b>	<b>(23.0)</b>	<b>1.0</b>	<b>(13.2)</b>
Net finance expenses from insurance contracts	200.7	(0.2)	3.9	0.9	205.3
Effect of movements in exchange rates	146.9	1.3	9	0.9	158.1
<b>Total amounts recognised in comprehensive income</b>	<b>358.3</b>	<b>(0.8)</b>	<b>(10.1)</b>	<b>2.8</b>	<b>350.2</b>
Disposals	(290.4)	-	-	-	(290.4)
<b>Cash flows</b>					
Premiums received	302.1	-	-	-	302.1
Claims and other directly attributable expenses paid	(513.1)	0.9	-	-	(512.2)
Insurance acquisition cash flows	(5.7)	-	-	-	(5.7)
<b>Total cash flows</b>	<b>(216.7)</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>(215.8)</b>
<b>Insurance contract liabilities as at 31 December 2025</b>	<b>3,677.7</b>	<b>30.2</b>	<b>157.8</b>	<b>43.6</b>	<b>3,909.3</b>

	Present value of future cash flows	Risk Adjustment	CSM (new contracts and contracts measured under FRA)	CSM (contracts measured under FVA)	Total
	£m	£m	£m	£m	£m
<b>Insurance contract liabilities as at 1 January 2024</b>	<b>3,918.6</b>	<b>51.7</b>	<b>161.0</b>	<b>27.5</b>	<b>4,158.8</b>
<b>Changes that relate to current service</b>					
CSM recognised for services provided	-	-	(18.1)	(4.3)	(22.4)
Change in risk adjustment for non-financial risk for risk expired	-	(4.9)	-	-	(4.9)
Experience adjustments	(23.0)	-	-	-	(23.0)
<b>Total changes that relate to current service</b>	<b>(23.0)</b>	<b>(4.9)</b>	<b>(18.1)</b>	<b>(4.3)</b>	<b>(50.3)</b>
<b>Changes that relate to future service</b>					
Contracts initially recognised in the period	(8.5)	1.7	9.5	-	2.7
Changes in estimates that adjust the CSM	(17.6)	(18.7)	19.2	17.2	0.1
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	38.1	(1.0)	-	-	37.1
<b>Total changes that relate to future service</b>	<b>12.0</b>	<b>(18.0)</b>	<b>28.7</b>	<b>17.2</b>	<b>39.9</b>
<b>Insurance service result</b>	<b>(11.0)</b>	<b>(22.9)</b>	<b>10.6</b>	<b>12.9</b>	<b>(10.4)</b>
Net finance expenses from insurance contracts	326.4	2.8	4.0	0.8	334.0

Effect of movements in exchange rates	(125.2)	(1.5)	(7.7)	(0.4)	(134.8)
<b>Total amounts recognised in comprehensive income</b>	<b>190.2</b>	<b>(21.6)</b>	<b>6.9</b>	<b>13.3</b>	<b>188.8</b>
<b>Cash flows</b>					
Disposals	282.6	-	-	-	282.6
Premiums received	(555.9)	-	-	-	(555.9)
Claims and other directly attributable expenses paid	(6.8)	-	-	-	(6.8)
Insurance acquisition cash flows	(2.2)	-	-	-	(2.2)
<b>Total cash flows</b>	<b>(282.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(282.3)</b>
<b>Insurance contract liabilities as at 31 December 2024</b>	<b>3,826.5</b>	<b>30.1</b>	<b>167.9</b>	<b>40.8</b>	<b>4,065.3</b>

(v) Reinsurance contract balances – analysis by remaining coverage and incurred claims

	Assets for Remaining Coverage		Assets for Incurred Claims			Total
	Excluding Loss-Recovery Component	Loss-Recovery component	For contracts not under PAA	Future cash flows	Risk adjustment	
	£m	£m	£m	£m	£m	
<b>Reinsurance contract assets as at 1 January 2025</b>	<b>120.6</b>	<b>5.1</b>	<b>15.9</b>	<b>11.6</b>	<b>0.1</b>	<b>153.3</b>
Reinsurance expenses – allocation of reinsurance premiums paid	(58.1)	-	-	-	-	(58.1)
<b>Amounts recoverable from reinsurers</b>						
Recoveries of incurred claims and other directly attributable expenses	-	-	58.4	2.2	-	60.6
Changes in the expected recoveries for past claims	-	-	-	(1.5)	-	(1.5)
Changes in the loss-recovery component	-	2.0	-	-	-	2.0
<b>Net expenses / (income) from reinsurance contracts held</b>	<b>(58.1)</b>	<b>2.0</b>	<b>58.4</b>	<b>0.7</b>	<b>-</b>	<b>3.0</b>
Net finance expenses from reinsurance contracts	14.1	-	-	0.1	-	14.2
Effect of movements in exchange rates	(1.0)	0.3	0.2	1.3	-	0.8
<b>Total amounts recognised in comprehensive income</b>	<b>(45.0)</b>	<b>2.3</b>	<b>58.6</b>	<b>2.1</b>	<b>-</b>	<b>18.0</b>
Investment components	(4.0)	-	4.0	-	-	-
<b>Cash flows</b>						
Premiums paid	40.2	-	-	-	-	40.2
Recoveries from reinsurance contracts held	-	-	(51.6)	(2.4)	-	(54.0)
Acquisitions	-	-	-	-	-	-
<b>Total cash flows</b>	<b>40.2</b>	<b>-</b>	<b>(51.6)</b>	<b>(2.4)</b>	<b>-</b>	<b>(13.8)</b>
<b>Reinsurance contract assets as at 31 December 2025</b>	<b>111.8</b>	<b>7.4</b>	<b>26.9</b>	<b>11.3</b>	<b>0.1</b>	<b>157.5</b>

Assets for Remaining Coverage

Assets for Incurred Claims

	Excluding Loss- Recovery Component	Loss- Recovery component	For contracts not under PAA	Future cash flows	Risk adjustment	Total
	£m	£m	£m	£m	£m	£m
<b>Reinsurance contract assets as at 1 January 2024</b>	<b>124.0</b>	<b>6.2</b>	<b>23.3</b>	<b>14.9</b>	<b>0.2</b>	<b>168.6</b>
Reinsurance expenses – allocation of reinsurance premiums paid	(52.3)	-	-	-	-	(52.3)
<b>Amounts recoverable from reinsurers:</b>						
Recoveries of incurred claims and other insurance service expenses	-	-	44.4	1.9	-	46.3
Changes in the expected recoveries for past claims	-	-	-	(2.3)	(0.1)	(2.4)
Changes in the loss recovery component	-	(0.8)	-	-	-	(0.8)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(52.3)</b>	<b>(0.8)</b>	<b>44.4</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>(9.2)</b>
Net Finance expenses from reinsurance contracts	2.3	-	-	0.3	-	2.6
Effect of movements in exchange rates	1.1	(0.3)	(0.3)	(1.0)	-	(0.5)
<b>Total amounts recognised in comprehensive income</b>	<b>(48.9)</b>	<b>(1.1)</b>	<b>44.1</b>	<b>(1.1)</b>	<b>(0.1)</b>	<b>(7.1)</b>
Investment components	(2.8)	-	2.8	-	-	-
<b>Cash flows</b>						
Premiums paid net of ceding commission	48.3	-	-	-	-	48.3
Recoveries from reinsurance contracts held	-	-	(54.3)	(2.2)	-	(56.5)
Acquisitions	-	-	-	-	-	-
<b>Total cash flows</b>	<b>48.3</b>	<b>-</b>	<b>(54.3)</b>	<b>(2.2)</b>	<b>-</b>	<b>(8.2)</b>
<b>Reinsurance contract assets as at 31 December 2024</b>	<b>120.6</b>	<b>5.1</b>	<b>15.9</b>	<b>11.6</b>	<b>0.1</b>	<b>153.3</b>

**(vi) Reinsurance contract balances – analysis by remaining coverage and incurred claims**

	Present value of future cash flows	Risk Adjustment	CSM (new contracts and contracts measured under FRA)	CSM (contracts measured under FVA)	Total
	£m	£m	£m	£m	£m
<b>Reinsurance contract assets as at 1 January 2025</b>	<b>97.6</b>	<b>10.2</b>	<b>28.6</b>	<b>4.5</b>	<b>140.9</b>
<b>Changes that relate to current service</b>					
CSM recognised for services received	-	-	(2.6)	(0.1)	(2.7)
Change in risk adjustment for non-financial risk for risk expired	-	(1.8)	-	-	(1.8)
Experience adjustments	7.0	-	-	-	7.0
<b>Total changes that relate to current service</b>	<b>7.0</b>	<b>(1.8)</b>	<b>(2.6)</b>	<b>(0.1)</b>	<b>2.5</b>
<b>Changes that relate to future service</b>					
Contracts initially recognised in the period	(5.1)	2.5	2.7	-	0.1
Changes in estimates that adjust the CSM	6.0	(0.8)	(9.1)	(1.4)	(5.3)

CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	1.3	-	1.3
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	0.1	-	4.5	1.2	5.8
<b>Total changes that relate to future service</b>	<b>1.0</b>	<b>1.7</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>1.9</b>
<b>Net (expense) / income from reinsurance contracts held</b>	<b>8.0</b>	<b>(0.1)</b>	<b>(3.2)</b>	<b>(0.3)</b>	<b>4.4</b>
Net finance income from reinsurance contracts held	13.3	0.3	0.5	-	14.1
Effect of movements in exchange rates	(2.6)	0.4	1.6	-	(0.6)
<b>Total amounts recognised in comprehensive income</b>	<b>18.7</b>	<b>0.6</b>	<b>(1.1)</b>	<b>(0.3)</b>	<b>17.9</b>
<b>Cash flows</b>					
Premiums paid	38.7	-	-	-	38.7
Recoveries from reinsurance contracts held	(51.6)	-	-	-	(51.6)
Acquisitions	-	-	-	-	-
<b>Total cash flows</b>	<b>(12.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12.9)</b>
<b>Reinsurance contract assets as at 31 December 2025</b>	<b>103.4</b>	<b>10.8</b>	<b>27.5</b>	<b>4.2</b>	<b>145.9</b>

	Present value of future cash flows	Risk Adjustment	CSM (new contracts and contracts measured under FRA)	CSM (contracts measured under FVA)	Total
	£m	£m	£m	£m	£m
<b>Reinsurance contract assets as at 1 January 2024</b>	<b>106.9</b>	<b>15.2</b>	<b>26.4</b>	<b>5.6</b>	<b>154.1</b>
<b>Changes that relate to current service</b>					
CSM recognised for services received	-	-	(3.1)	(0.3)	(3.4)
Change in risk adjustment for non-financial risk for risk expired	-	(1.6)	-	-	(1.6)
Experience adjustments	(1.4)	-	-	-	(1.4)
<b>Total changes that relate to current service</b>	<b>(1.4)</b>	<b>(1.6)</b>	<b>(3.1)</b>	<b>(0.3)</b>	<b>(6.4)</b>
<b>Changes that relate to future service</b>					
Contracts initially recognised in the period	(2.4)	0.6	1.9	-	0.1
Changes in estimates that adjust the CSM	(0.3)	(4.1)	3.7	(0.9)	(1.6)
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	-	-	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	0.5	-	0.5
<b>Total changes that relate to future service</b>	<b>(2.7)</b>	<b>(3.5)</b>	<b>6.1</b>	<b>(0.9)</b>	<b>(1.0)</b>
<b>Net (expense) / income from reinsurance contracts held</b>	<b>(4.1)</b>	<b>(5.1)</b>	<b>3.9</b>	<b>(1.2)</b>	<b>(7.4)</b>
Net finance income from reinsurance contracts held	1.2	0.6	0.4	0.1	2.3
Effect of movements in exchange rates	2.2	(0.5)	(1.2)	-	0.5
<b>Total amounts recognised in comprehensive income</b>	<b>(0.7)</b>	<b>(5.0)</b>	<b>2.2</b>	<b>(1.1)</b>	<b>(4.6)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commission	45.6	-	-	-	45.6
Recoveries from reinsurance contracts held	(54.2)	-	-	-	(54.2)
Acquisitions	-	-	-	-	-
<b>Total cash flows</b>	<b>(8.6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.6)</b>
<b>Reinsurance contract assets as at 31 December 2024</b>	<b>97.6</b>	<b>10.2</b>	<b>28.6</b>	<b>4.5</b>	<b>140.9</b>

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## 9 Events After the Reporting Period

On 3rd July 2025, the Group announced that it has entered into an agreement to acquire HSBC Life (UK) Ltd (subsequently renamed Chesnara Life), a specialist life protection and investment bond provider in the UK for a total consideration of £260.0m, from HSBC Bank plc.

The acquisition was funded through a combination of existing internal cash resources (£55.0m), a drawdown from the Group's revolving credit facility and equity raised via a fully underwritten rights issue. The transaction completed on 30th January 2026 and HSBC Life (UK) Ltd (subsequently renamed Chesnara Life) became a subsidiary of Chesnara plc. The net assets of the acquired entity are expected to be between £285m and £295m and the subsidiary will be included in the 'UK' operating segment.

On 17th February 2026, the Group announced that it has entered into an agreement to acquire 100% of the issued share capital of Scottish Widows Europe SA, a Luxembourg-based closed life insurance business, from Scottish Widows Limited (a subsidiary of Lloyds Banking Group plc) for total cash consideration of €110 million, subject to adjustment in accordance with the provisions of the Sale and Purchase Agreement. The impact of this transaction on the net assets of the Group cannot yet be quantified.

## 10 Approval of consolidated report for the year ended 31 December 2025

This consolidated report was approved by the Board of Directors on 23 March 2026. A copy of the report will be available to the public at the Company's registered office, 2nd Floor, 33–34 Winckley Square, Preston, Lancashire, PR1 3JJ and at [www.chesnara.co.uk](http://www.chesnara.co.uk)

# FINANCIAL CALENDAR

### 24 March 2026

Results for the year ended 31 December 2025 announced

### 2 April 2026

Ex-dividend date

### 7 April 2026

Dividend record date

### 21 April 2026

Last date for dividend reinvestment plan elections

### 12 May 2026

Annual General Meeting

### 20 May 2026

Dividend payment date

# KEY CONTACTS

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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.

Further details on APMs derived from both IFRS and Solvency II measures are provided in the following section.

**Change in APMs**

As part of the broader implementation of the new Financial Framework, the Group has introduced Operating Capital Generation (OCG) and Adjusted Operating Profit (AOP) as additional Alternative Performance Measures. These metrics are designed to offer a clearer view of the Group's underlying business performance and its ability

to generate sustainable capital surpluses over the longer term. These measures are widely used within the insurance sector and enhance the relevance and comparability of financial reporting for stakeholders. Traditional IFRS and SII metrics can be subject to short-term market volatility, accounting adjustments, and exceptional items, which may obscure the underlying operational results. By contrast:

- OCG reflects the capital generated from ongoing operations, excluding the impact of market movements and non-recurring items, thereby providing a clearer measure of the Group's ability to create sustainable capital to support dividends and growth. OCG will replace Cash Generation as the Group's primary measure of solvency surplus, which is subject to the volatilities noted above.
- AOP adjusts statutory IFRS Profit Before Tax for exceptional or non-operational items and short-term market fluctuations, offering a consistent and comparable measure of operating profitability aligned with management's view of performance.

The following table identifies the key APMs used in this report, how each is defined and why we use them.

APM	What is it?	Why do we use it?
<b>Adjusted Operating Profit (AOP)</b>  <b>NEW</b>	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.	It helps give stakeholders a better understanding of the performance of the Group by identifying and analysing non-operating items.
<b>Assets under Administration (AuA)</b>	AuA reflects the value of the financial assets that the business administers, as reported in the IFRS Consolidated Balance Sheet.	AuA provides an indication of the scale of the business, and the potential future returns that can be generated from the assets that the Group manages and administers on behalf of customers.
<b>Leverage</b>	A financial measure that demonstrates the degree to which the Company is funded by debt financing versus equity capital, presented as a ratio. It is defined as debt divided by debt plus equity, with the equity denominator adding back the net of tax CSM liability, as measured under IFRS.	This measure indicates the overall level of indebtedness of the Group and is also a key component of the bank covenant arrangements held by Chesnara.
<b>IFRS Capital Base</b>	IFRS net equity plus the consolidated CSM net of reinsurance and tax	It is a more appropriate measure of the value of the business than net equity as it allows for the store of deferred profits held in the balance sheet, as represented by the CSM, including those as yet unrecognised profits from writing new business and acquisitions.
<b>Operating Capital Generation (OCG)</b>  <b>NEW</b>	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.	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.

<b>Solvency Coverage Ratio</b>	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.	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.
<b>Cash Generation</b>	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.
<i>Note – this measure was previously referred to as 'Commercial Cash Generation'. There has been no change to the basis of calculation.</i>		
<b>Economic Value (EcV)</b>	EcV is a financial metric that is derived from Solvency II Own Funds. It provides a market consistent assessment of the value of existing insurance businesses, plus adjusted net asset value of the non-insurance business within the group.  We define EcV as Own Funds adjusted for contract boundaries, risk margin and restricted with-profit surpluses. As such, EcV and Own Funds have many common characteristics and tend to be impacted by the same factors.	EcV reflects the market-related value of in-force business and net assets of the non-insurance business and hence is an important reference point by which to assess the Group's value. A life and pensions group may typically be characterised as trading at a discount or premium to its Economic Value. Analysis of EcV provides additional insight into the development of the business over time. The EcV development of the Group over time can be a strong indicator of how we have delivered to our strategic objectives.
<b>Economic Value (EcV) Earnings</b>	The principal underlying components of the EcV Earnings are: <ul style="list-style-type: none"> <li>- The expected return from existing business (being the effect of the unwind of the rates used to discount the value in-force);</li> <li>- Value added by the writing of new business;</li> <li>- Variations in actual experience from that assumed in the opening valuation;</li> <li>- The impact of restating assumptions underlying the determination of expected cash flows; and</li> <li>- The impact of acquisitions.</li> </ul>	By recognising the market-related value of in-force business (in-force value), a different perspective is provided in the performance of the group and on the valuation of the business. EcV earnings are an important KPI as they provide a longer-term measure of the value generated during a period. The EcV Earnings of the Group can be a strong indicator of how we have delivered against all three of our core strategic objectives.
<b>New Business Contribution</b>	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.

<b>Cash Remittances</b> <b>NEW</b>	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.
<b>Policies/ Policy Count</b>	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.

## GLOSSARY

<b>Adjusted Operating profit</b>	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).
<b>ALM</b>	Asset Liability Management – management of risks that arise due to mismatches between assets and liabilities.
<b>APE</b>	Annual Premium Equivalent – an industry wide measure that is used for measuring the annual equivalent of regular and single premium policies.
<b>ASR</b>	Annual Sustainability Report
<b>CA</b>	Countrywide Assured plc.
<b>CALH</b>	Countrywide Assured Life Holdings Limited and its subsidiary companies.
<b>CASLP</b>	Sanlam Life & Pensions UK Limited
<b>BLAGAB</b>	Basic life assurance and general annuity business
<b>Base Cash Generation</b>	This represents the cash that has been generated in the period. The cash generating capacity of the Group is largely a function of the movement in the solvency position of the insurance subsidiaries within the Group and takes account of the buffers that management has set to hold over and above the solvency requirements imposed by our regulators. Cash generation is reported at a Group level and also at an underlying divisional level reflective of the collective performance of each of the divisions prior to any Group level activity.
<b>Cash Generation</b>	Base Cash Generation excluding the impact of technical adjustments, modelling changes and exceptional corporate activity; the inherent commercial cash generated by the business.
<b>Chesnara Life</b>	Chesnara Life (UK) Limited (formerly HSBC Life (UK) Limited)
<b>Core Surplus Emergence</b>	Absolute surplus movement of the divisions including Chesnara entity but adjustments will be made for the impact of items such as FX, T2/T3 restrictions, acquisition impacts and shareholder dividends as deemed appropriate.  Note: Any adjustments will be subject to Board approval (and Remco approval if they impact remuneration) and will be transparently reported.
<b>CSM</b>	Contractual Service Margin (CSM) represents the unearned profit that an entity expects to earn on its insurance contracts as it provides services.
<b>CSRD</b>	Corporate Sustainability Reporting Directive

<b>Divisional Cash Generation</b>	This represents the cash generated by the three operating divisions of Chesnara (UK, Sweden and the Netherlands), exclusive of Group level activity.
<b>Dividend Cover</b>	Defined as Cash Generation divided by the total of the interim and final proposed shareholder dividend for the financial year.
<b>DORA</b>	Digital Operational Resilience Act (European Union regulation)
<b>DNB</b>	De Nederlandsche Bank is the central bank of the Netherlands and is the regulator of our Dutch subsidiaries.
<b>DPF</b>	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.
<b>Dutch business</b>	Scildon and the Waard Group, consisting of Waard Leven N.V., Waard Schade N.V. and Waard Verzekeringen B.V.
<b>Economic profit</b>	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).
<b>EcV</b>	Economic Value is a financial metric that is derived from Solvency II Own Funds. It provides a market consistent assessment of the value of existing insurance businesses, plus adjusted net asset value of the non-insurance business within the Group.
<b>EcV Earnings</b>	Measure of the value generated by the Group in a period.
<b>FCA</b>	Financial Conduct Authority
<b>FI</b>	Finansinspektionen, being the Swedish Financial Supervisory Authority.
<b>Form of proxy</b>	The form of proxy relating to the General Meeting being sent to shareholders with this document.
<b>FSMA</b>	The Financial Services and Markets Act 2000 of England and Wales, as amended.
<b>GMM</b>	General Measurement Model - the default measurement model which applies to insurance contracts with limited or no pass-through of investment risks to policyholders.
<b>Group</b>	Chesnara plc and its subsidiary undertakings.
<b>Group Centre</b>	Parent Company operations of Chesnara plc
<b>Group Own Funds</b>	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.
<b>Group SCR</b>	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.
<b>Group solvency</b>	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.
<b>HCL</b>	HCL Insurance BPO Services Limited.
<b>IFRS</b>	International Financial Reporting Standards.
<b>IFA</b>	Independent Financial Advisor.
<b>KPI</b>	Key performance indicator.

<b>LACDT</b>	Loss Absorbing Capacity of Deferred Tax
<b>Leverage</b>	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
<b>LTI</b>	Long-Term Incentive Scheme – A reward system designed to incentivise executive directors' long-term performance.
<b>Movestic</b>	Movestic Livförsäkring AB.
<b>London Stock Exchange (LSE)</b>	London Stock Exchange plc.
<b>New business</b>	The present value of the expected future cash inflows arising from business written in the reporting period.
<b>Official List</b>	The Official List of the Financial Conduct Authority.
<b>Ordinary shares</b>	Ordinary shares of 5 pence each in the capital of the company.
<b>ORSA</b>	Own Risk and Solvency Assessment.
<b>Own Funds</b>	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.
<b>PAA</b>	Premium allocation approach - a simplified measurement model which can be applied to short term contracts.
<b>PRA</b>	Prudential Regulation Authority.
<b>QRT</b>	Quantitative Reporting Template.
<b>RA</b>	Risk adjustment is the additional reserve held for non-financial risks.
<b>Resolution</b>	The resolution set out in the notice of General Meeting set out in this document.
<b>RCF</b>	3 year Revolving Credit Facility of £150m (currently unutilised) renewed in July 2024
<b>RMF</b>	Risk Management Framework.
<b>Robein Leven</b>	Robein Leven N.V.
<b>Scildon</b>	Scildon N.V.
<b>Shareholder(s)</b>	Holder(s) of ordinary shares.
<b>Solvency II</b>	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.
<b>Solvency (absolute) surplus</b>	A measure of how much the value of the Company (Own Funds) exceeds the level of capital it is required to hold
<b>Standard Formula</b>	The set of prescribed rules used to calculate the regulatory SCR where an internal model is not being used.

<b>STI</b>	Short-Term Incentive Scheme – A reward system designed to incentivise executive directors' short-term performance.
<b>SCR</b>	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.
<b>Swedish business</b>	Movestic and its subsidiaries and associated companies.
<b>S&amp;P</b>	Save & Prosper Insurance Limited and Save & Prosper Pensions Limited.
<b>TCF</b>	Treating Customers Fairly – a central PRA principle that aims to ensure an efficient and effective market and thereby help policyholders achieve fair outcomes.
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures. An international framework that provides recommendations for how organisations should disclose climate-related financial risks and opportunities in a consistent, decision-useful way
<b>Tier 2</b>	Term debt capital (Tier 2 Subordinated Notes) issued in February 2022 with a 10.5 year maturity and 4.75% coupon rate.
<b>Transfer ratio</b>	The proportion of new policies transferred into the business in relation to those transferred out.
<b>TSR</b>	Total Shareholder Return, measured with reference to both dividends and capital growth.
<b>UK or United Kingdom</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>UK business</b>	CA, S&P and CASLP
<b>VA</b>	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.
<b>VFA</b>	Variable Fee Approach – the measurement model that is applied to insurance contracts with significant investment-related pass-through elements.
<b>Waard</b>	The Waard Group (now part of Scildon following the legal merger in 2025).

## NOTE ON TERMINOLOGY

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) Limited which was acquired 28 April 2022. CASLP was dissolved by court order on 14 January 2025;

**CL** - Chesnara Life (UK) Limited (formerly HSBC Life (UK) Limited) was acquired on 30 January 2025;

**Movestic** - which was purchased on 23 July 2009 and comprises the Group's Swedish business, Movestic Livförsäkring AB and its subsidiary and associated companies;

**The Waard Group** - which was acquired on 19 May 2015 and comprises two insurance companies; Waard Leven N.V. and Waard Schade N.V.; and a service company, Waard Verzekeringen 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.

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### **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.