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## Phoenix Group HY23 Interim Financial Report

Phoenix Group today publishes its Half Year 2023 Interim Financial Report, which includes the Group's HY23 IFRS financial statements.

The Group previously published its 2023 Interim Results on Monday 18<sup>th</sup> September, across its core financial metrics of cash and capital. During the first half the Group delivered strong organic growth as it more than doubled incremental new business long-term cash generation to £885 million, while delivering ongoing dependable cash generation with £898 million remitted in the period, and continued to maintain a resilient balance sheet.

The results materials and a replay of the management presentation are available on the Group's website at:

<https://www.thephoenixgroup.com/investor-relations/results-reports-and-presentations>

As a reminder, the Group's shares trade ex-dividend today, reflecting an Interim dividend of 26.0 pence per share.

### Overview of HY23 IFRS results

- IFRS 17 is a global accounting standard that was implemented on 1 January 2023 and is an accounting change which does not alter the underlying economics of our business. As a result, IFRS 17 does not change our strategy or dividend, and we will remain focused on delivering cash and capital.
- As a result of our successful track record of delivering value-accretive M&A and subsequent integration activity, c.95% of our business was recognised at fair value on transition, which results in the establishment of a lower Contractual Service Margin ('CSM') and also increases the volatility in our shareholders' equity.
- IFRS adjusted shareholders' equity (inclusive of a £2.0bn CSM net of tax) was £4.8bn at 30 June 2023, down £0.4bn since 31 December 2022 (£5.2bn) due to a reduction in shareholders' equity. This reflects an IFRS loss after tax attributable to shareholders for HY23 of £261 million and payment of the Final 2022 dividend of £260 million, partly offset by positive Other Comprehensive Income movements on the Group's currency hedges and pension scheme liabilities.
- The Group's CSM (gross of tax) at 30 June 2023 was £2.7bn and this grew 5% in the first six months of the year (31 December 2022: £2.6bn), primarily due to new BPA business written and the acquisition of the Sun Life of Canada UK business, partly offset by the release in the period. It represents a significant store of future profits and is expected to release into the P&L at c.5-7% per annum over time.
- Adjusted operating profit before tax under IFRS for HY23 was £266 million, which is a 5% year-on-year increase (HY22: £254 million). This primarily reflects an increase in the CSM release from both BPA new business and positive assumption changes relating to the prior year.
- The Group's HY23 Fitch leverage ratio remained stable at 25% (Restated FY22: 25%), which is at the bottom of our 25-30% target range, and leverage is therefore not a constraint to our M&A ambitions.

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