



Solvency and Financial Condition Report

For the year ending
31 December 2025

Table of Contents

Introduction.....	4
Business and Performance Summary	4
System of Governance Summary	5
Risk Profile Summary	6
Valuation for Solvency Purposes Summary	6
Capital Management Summary	6
A. BUSINESS AND PERFORMANCE.....	7
A.1 Business.....	7
A.2 Underwriting Performance	9
A.3 Investment Performance.....	10
A.4 Performance of other activities	11
A.5 Any other information	11
B. SYSTEM OF GOVERNANCE.....	12
B.1 General Information on the system of governance	12
B.2 Fit and proper requirements.....	17
B.3 Risk management system including the own risk and solvency assessment	17
B.4 Internal control system.....	21
B.5 Internal Audit Function	24
B.6 Actuarial Function	24
B.7 Outsourcing.....	25
B.8 Assessment of governance and any other disclosures	26
C. RISK PROFILE	27
C.1 Underwriting risk	27
C.2 Market risk.....	30
C.3 Credit risk.....	32

C.4 Liquidity risk	33
C.5 Operational risk	34
C.6 Other material risks.....	36
C.7 Any Other Disclosure	38
D. VALUATION FOR SOLVENCY PURPOSES	39
D.1 Assets.....	39
D.2 Technical Provisions	40
D.3 Other liabilities	44
D.4 Alternative methods for valuation.....	44
D.5 Any other information	44
E. CAPITAL MANAGEMENT.....	45
E.1 Own funds.....	45
E.2 Solvency Capital Requirement and Minimum Capital Requirement.....	46
E.3 Use of the duration-based equity risk submodule in the calculation of the SCR	48
E.4 Difference between the standard formula and any internal model used.....	48
E.5 Non-compliance with the MCR and non-compliance with the SCR	48
E.6 Any other information	48
Appendix A: Public QRTs.....	49

Introduction

The EU-wide Solvency II Directive came into force with effect from 1 January 2016. This document is the eighth Solvency and Financial Condition Report (SFCR) published under this directive for Acorn Life Group Limited. The SFCR provides narrative information in quantitative and qualitative form including quantitative reporting templates (QRTs). The report covers the Business and Performance of the Group, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. It has been approved by the Board of Directors on 9 April 2026, and it is consistent with the information submitted by the Company to the Central Bank of Ireland.

Business and Performance Summary

Acorn Life Group Limited (“ALGL”) and its subsidiaries are collectively known as “the Group”. The two largest entities within the Group are Acorn Life DAC (“ALD”) and Acorn Brokerage Limited (“ABL”). ALD is a regulated insurance undertaking and ABL is a regulated insurance intermediary. The Group’s brand strength is based on local distribution, product innovation, flexibility, and strong investment performance. The solvency objective of the Group is to ensure that it maintains sufficient capital to meet its obligations to its policyholders and other stakeholders as liabilities fall due.

Within the Group, ALD has distribution and services agreements with its sister company ABL, trading as Ask Acorn, for the distribution of the protection, pension and investment products manufactured by ALD and for the provision of other insurance services. During 2025, ALD continued to progress its strategic plans, strengthening its value-for-money proposition for customers through improvements to policy administration and customer engagement processes. The partnership with ABL was further enhanced during the year to support sales growth and customer retention. ALD also continued to invest in technology to ensure operational efficiency and to support future increases in business volumes. Looking ahead, the Group will maintain a strong ESG focus and continue to innovate so that we can add value to our customers, our people, and the charities we support. We have made a strategic commitment to make a significant donation to charitable causes every year. The Group made charitable donations of €1.1m during 2025. The key performance indicators which the Group monitors closely to measure the development, performance and financial position of the Group are free capital and profit before tax. As at 31 December 2025, the Group had capital of €32.6 million in excess of its Solvency Capital Requirement (SCR) and reported a profit before tax during the year of €6.4 million (2024: €6.1 million). The profit for the year was mainly due to positive investment market performance, strong sales and good expense governance. The Group is in a strong position to continue to progress its business strategy during 2026.

Key Information from the Solvency II Balance Sheet	2025	2024
	€'m	€'m
Eligible Own Funds	87.4	81.2
Minimum Capital Requirement (MCR)	13.7	12.5
Solvency Capital Requirement (SCR)	54.8	50.2
Ratio of Eligible Own Funds to MCR	638%	647%
Ratio of Eligible Own Funds to SCR	160%	162%

More information on the business and performance can be found in section A below.

System of Governance Summary

The Group has an effective system of governance, which provides for sound and prudent management. Its board ensures that we maintain a strong corporate governance framework and risk management function.

The governance structure comprises the board of directors who are responsible for organising and directing the affairs of the Group. ALD, as the largest company and the only insurance undertaking within the Group, is the entity mainly responsible for carrying out the activities to support ALGL in complying with group supervision requirements. ALGL relies on information provided by subsidiary companies through the Group risk management framework.

The governance structure of ALD comprises of the board of directors, the chief executive officer, board risk committee, board audit committee, and various management committees. Risk management, compliance, actuarial and internal audit are considered key functions with governance responsibilities to ensure the sound and prudent management of the business.

The governance structure of ABL comprises its board of directors and a system of controls and procedures which are appropriate for the nature, scale and complexity of the business.

The risk management function is responsible for managing the Group's risks. The compliance function is responsible for ensuring that the Group complies with all relevant regulatory requirements. The actuarial function is responsible for ensuring that the Group sets aside enough funds to cover policyholders' claims and the expenses of the business. The internal audit function supports the board and management in discharging their responsibilities for the operation of internal controls and corporate governance.

The Group operates a three lines of defence model. The first line represents the various departments performing their regular duties. The second line sets control policies and undertakes monitoring and surveillance of business operations. The third line represents independent review.

More information on the system of governance can be found in section B below.

Risk Profile Summary

In the context of its business operations the Group enters into a broad variety of risks. These risks are deliberately accepted and monitored. They include underwriting risk, market risks, counterparty default risks and operational risks.

Underwriting risk is the risk of an increase in claims, expenses or lapses. Market risk is the risk of falls in the value of the Group's investments or falls in the value of policyholders' assets under management which could lead to a reduction in future income. Counterparty default risk is the risk of default of our counterparties, such as banks or reinsurers. Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, people and systems or from external events.

For each of the risks, the Group has undertaken stress testing as part of its Own Risk and Solvency Assessment (ORSA). The outcome of the stress and scenario tests was that in each scenario we expect to have sufficient available capital to continue to meet the Solvency Capital Requirement (SCR) over the medium term.

We describe the cause of these risks and how we deal with them in Section C.

Valuation for Solvency Purposes Summary

Our assets comprise unit-linked investments, cash equivalents and other assets. We value our assets in accordance with Solvency II valuation requirements. Our liabilities consist of technical provisions and other liabilities. Technical provisions represent the amount of money that we set aside to ensure we can cover our liabilities to policyholders. There have been no significant post balance sheet events which would materially affect the valuation of the Group's assets and liabilities at the reporting date.

More information on the valuation of assets and liabilities can be found in section D below.

Capital Management Summary

As at 31 December 2025, the Group has a solvency coverage ratio of 160% (2024: 162%).

The solvency objective of the Group is to ensure that it maintains sufficient capital to meet its obligations to its policyholders and other stakeholders as liabilities fall due. This means that we must hold an appropriate amount and quality of capital to meet regulatory requirements. We also hold additional capital relevant to our business activities. A strong capital position enables us to continue to operate through periods of severe stress. We measure and calculate our Solvency Capital Requirement (SCR) using the Solvency II Standard Formula. Own funds in the Solvency II balance sheet comprise the excess of assets over liabilities. Our solvency coverage ratio represents the extent to which our own funds exceed our SCR. This is continuously monitored and assessed.

More information on capital can be found in section E below.

A. BUSINESS AND PERFORMANCE

A.1 Business

ALD is the only regulated insurance undertaking in the Group. It provides protection, pension, and investment products to personal and small business customers in Ireland. ABL is a regulated insurance intermediary.

ALD is a private company limited by shares, authorised by the Central Bank of Ireland (CBI) to conduct business in the Republic of Ireland. Its material lines of business are unit linked protection, pension, savings and investment products. ABL is a private company limited by shares, authorised by the CBI to conduct business in the Republic of Ireland. The ultimate parent undertaking of the Group to which ALD and ABL belong is Acorn Life Group Limited (ALGL). ALGL is a private company limited by shares. The CBI is the Group Supervisor of the Acorn Group. The Group consists of the following companies:

Acorn Life Group Limited:	An investment holding company.
Tanis Limited:	An investment holding company.
Acorn Life DAC:	A regulated insurance firm.
Acorn Brokerage Limited:	A regulated insurance intermediary.
Orcan Limited:	An investment holding company.
Acorn Master Trustee DAC:	A company which carries out retirement benefit trustee activities.

The registered address of the Group is:

Acorn Life Group Limited
 St Augustine Street
 Galway

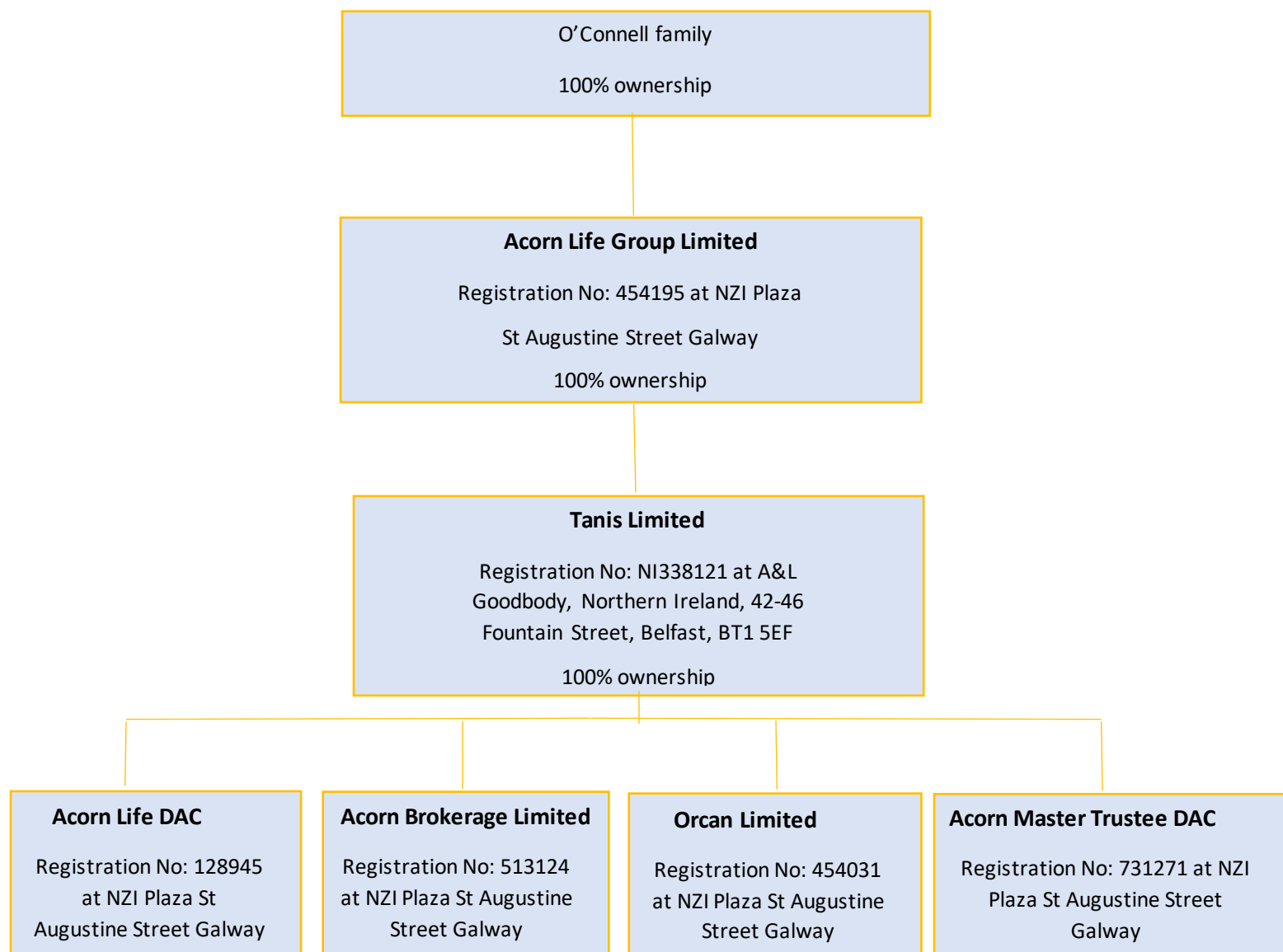
The CBI is responsible for the financial supervision of the Group:

Central Bank of Ireland
 North Wall Quay
 Dublin 1

The Group's independent auditor is:

PwC, Chartered Accountants and Statutory Audit Firm
 1 Spencer Dock, North Wall Quay
 Dublin 1

Shareholders and group companies are:



There are no differences between the scope used for the Group consolidated financial statements and the scope used for determining the consolidated data in the calculation of group solvency.

Significant events during the reporting period

In 2025, the Group continued the process of moving its EPP pension plans into the Acorn Life Master Trust to meet the requirements of IORP II. The Group also made strong progress in improving its pensions offering ahead of the early-2026 launch of Zen Pensions, which will distribute the Group’s PRSA product.

A.2 Underwriting Performance

We reported a profit on ordinary activities before tax during the year of €6.4 million (2024: €6.1 million). The profit for the year was mainly due to positive investment market performance, strong sales and good expense governance.

The underwriting performance outlined in this section is on an FRS 102 and 103 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) basis as the Group prepares its Financial Statements in accordance with these accounting standards.

The table below sets out our profit and loss account for the year ended 31 December 2025, as reported in our Consolidated Financial Statements.

Year-ended 31 December	2025	2024
	€'000	€'000
Net insurance premiums written and earned	35,043	34,047
Other technical income, net of reinsurance	17,004	15,166
Investment return	90,679	168,452
Claims incurred, net of reinsurance	(26,535)	(26,050)
Changes in insurance liabilities	(6,994)	(18,465)
Investment return related to investment contract liabilities	(75,970)	(140,614)
Net operating expenses	(26,497)	(25,803)
Balance on the technical account - life assurance business	6,730	6,733

The Consolidated Financial Statements record premiums and claims in respect of insurance business. The Solvency II QRTs record premiums and claims in respect of insurance and investment business. This results in differences between the premiums, claims and expenses reported in our Consolidated Financial Statements compared to the information disclosed under Solvency II in QRT S.05.01.02. The following table is a summary of our premiums, claims and expenses split by Solvency II lines of business during the year. All business was written in the Republic of Ireland.

	2025			2024		
	Index-linked and unit linked insurance	Other life insurance	Total	Index-linked and unit linked insurance	Other life insurance	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Net Premiums earned	175,629	641	176,270	173,187	597	173,784
Net claims incurred	124,966	-	124,966	133,602	-	133,602
Expenses incurred	29,072	51	29,123	27,878	60	27,938

A.3 Investment Performance

Our investments fall into the following main asset classes:

- Unit-linked funds
- Cash and cash equivalents

The following table summarises our investment performance by asset class.

Investment performance in both 2025 and 2024 primarily reflected movements in global financial markets, with returns driven by prevailing conditions in each year. As the Group's unit-linked investment funds are closely aligned to market indices and underlying asset values, performance in both periods was largely attributable to broader market volatility rather than changes in the Group's investment strategy. The year-on-year movement in investment performance therefore reflects these external market factors.

Investment performance by asset class	2025	2024
	€'000	€'000
Investment funds	90,679	168,452
Total	90,679	168,452

The Group has no investments in securitisation.

A.4 Performance of other activities

Other technical income

The Group's unit-linked business is classified as either investment business or insurance business in its Consolidated Financial Statements, depending on the nature of the underlying contract. The Consolidated Financial Statements record premiums and claims in respect of insurance business only. Fee income generated on investment contracts is recorded as other technical income in the Financial Statements.

Fee income relates to fees charged to investment contracts for contract administration services, investment management services, payment of benefits and other services related to the administration of investment contracts. Fees are recognised as revenue when the services are provided. The fees charged for the current and previous years are shown in the Financial Statements table in section A.2 above as other technical income.

The Group does not have any material leasing arrangements.

A.5 Any other information

We are satisfied that there is no other material information that needs to be disclosed.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the system of governance

B.1.1 Group Overview

As an insurance holding company, ALGL is focussed on compliance with relevant Group related requirements under Solvency II. As an insurance undertaking, ALD is subject to the Corporate Governance Requirements for Insurance Undertakings 2015 issued by the CBI. A system of controls and procedures is in place within ABL which are appropriate for the nature, scale, and complexity of the business.

The governance structure in place in the Group includes clear allocation and segregation of duties. The board has primary responsibility for corporate governance within ALGL. The Group Leadership Team plays an important part in ensuring effective governance and is therefore responsible for operating effective oversight consistent with Board policy. The board of each Group entity retains primary responsibility for corporate governance within the Group. ALGL relies on information provided by subsidiary companies through the Group risk management framework.

Effective governance is achieved through the integration of the corporate governance framework, the risk management framework, and key functions.

B.1.2 Governance Structure

The governance structure in ALGL comprises the board of directors, the chief executive officer and the Group Leadership Team. The board is responsible for organising and directing the affairs of the wider Group in a manner designed to further its best interests, having regard to the interests of its shareholders, customers, and employees, while complying with its fiduciary duties to ALGL and all other relevant legal and regulatory requirements, ALGL's constitution, and relevant corporate governance standards. The chief executive officer (CEO) has ultimate executive responsibility for the Group's operations, compliance and performance. The CEO serves as the main link between the board and the Group Leadership Team. The Group Leadership Team is an executive management committee established by the CEO for the purpose of providing advice and making recommendations to the CEO in respect of the Group's operations.

Board meetings take place at least three times a year. All board meetings take place in Ireland.

The Board of Directors of ALGL is comprised of:

1. Brian Neilan, (Independent Non-Executive)
2. Bríd Quigley (Independent Non-Executive)
3. Anna Fitzgerald (Independent Non-Executive)
4. Gerry O'Connell, (Non-Executive)
5. Patrick Byrne, (Non-Executive)
6. Tony Johnstone (Non-Executive)
7. Keith Butler, (CEO)

The company secretary is Sarah Whelan.

The governance structure in ALD comprises the board of directors, the chief executive officer, the life leadership team and board and management sub-committees. There were no material changes in governance structures during 2025. John Lyons and Gerry O’Connell resigned as directors during the year.

The board of directors of ALD is comprised of:

1. Brian Neilan (Independent Non-Executive)
2. Anna Fitzgerald (Independent Non-Executive)
3. Bríd Quigley (Independent Non-Executive)
4. Gerard Ryan (Chief Executive Officer)
5. Jennifer Loftus (Executive)

The company secretary is Sarah Whelan.

The role of the ALD board is to organise and direct the affairs of ALD in a manner designed to further its best interests, having regard to the interests of its shareholders, customers, and employees, while complying with its fiduciary duties and all other relevant legal and regulatory requirements, ALD’s constitution, and relevant corporate governance standards. Board meetings are held at least quarterly in Ireland. The ALD board is responsible for approving the overall strategic objectives of ALD and ensuring that it has the appropriate resources in place to meet those objectives. This approach ensures that the skills, expertise and experience of the directors of ALD are harnessed to best effect and that any major opportunities or challenges for ALD come before the board for consideration and approval.

The board of ALD shall actively oversee climate risk proactively through business strategy and risk appetite, with adequate resourcing and clear roles and responsibilities assigned to the Board. The Board shall be proactive in taking action to promote a culture that places emphasis on climate and ESG issues consistent with supporting the transition to a carbon neutral future.

The chair of the ALD board leads the ALD board, encourages open and challenging discussions and promotes effective communication between executive and non-executive directors.

The ALD CEO has ultimate executive responsibility for ALD’s operations, compliance and performance. The CEO serves as the main link between the ALD board and its life leadership team.

The life leadership team is an executive management committee established by the ALD CEO for the purpose of providing advice and making recommendations to the ALD CEO in respect of ALD’s operations.

The board of ALD has established a board risk committee and a board audit committee each chaired by an Independent Non-Executive Director.

ALD Board Risk Committee (Chaired by Anna Fitzgerald)

The ALD board risk committee is the forum for risk governance within ALD. It is responsible for providing oversight and advice to the board in relation to current and potential future risk exposures and future risk strategy. This advice includes recommending a risk management framework incorporating strategies, policies, risk appetites and risk indicators to the board for approval. The committee oversees the risk management function, which is managed on a daily basis by the chief risk officer (CRO).

ALD Board Audit Committee (Chaired by Bríd Quigley)

The purpose of the committee is to ensure that the inherent risks within the business are subject to an appropriate level of independent review and to give comfort to the Board of ALD that its assets are being safeguarded and that integrity of data is not being compromised.

Group Remuneration Committee (Chaired by Anna Fitzgerald)

The purpose of the committee is to establish and maintain appropriate remuneration policies within the business.

Governance structure in ABL

ABL has a system of controls and procedures which are appropriate for the nature, scale, and complexity of the business. The governance structure in ABL comprises the board of directors, the chief executive officer and the executive leadership team.

The Board of Directors of ABL is comprised of:

1. Gerry O’Connell, (Non-Executive)
2. Patrick Byrne, (Non-Executive)
3. Willie Murphy, (Non-Executive)
4. Keith Butler, (CEO)
5. Barry O’Sullivan, (Executive)

The company secretary is Sarah Whelan.

The governance structures in Orcan Limited, Tanis Limited and Acorn Master Trustee DAC comprise their boards of directors.

B.1.3 Key Functions

Risk management, compliance, actuarial and internal audit are key functions with governance responsibilities to ensure the sound and prudent management of the business.

B.1.3.1 Risk Management

ALD and ABL have risk functions, responsible for the oversight and management of risk in each business. The Chief Risk Officer (CRO) leads the risk functions and reports to the CEO with a direct line of responsibility to the board. The risk functions have primary responsibility for designing the risk management framework that is applied in identifying, assessing, measuring, mitigating and monitoring risks. The risk functions have independent oversight of risk management activities and act as a second line of defence in the risk management framework.

More information on the risk function can be found in section B.3 below.

B.1.3.2 Compliance

ALD and ABL have compliance functions with responsibility for the oversight of compliance in each business. The head of compliance leads the compliance function in each entity and reports to the CEO with a direct line of responsibility to the board. The compliance functions have an advisory, oversight and assurance role to ensure that the necessary systems and controls are in place to ensure adherence to legal and regulatory requirements and that consumers' best interests are protected. The compliance functions act as a second line of defence in the risk management framework.

More information on the compliance function can be found in section B.4 below.

B.1.3.3 Actuarial

ALD has an Actuarial Function headed by the head of actuarial function (HoAF) which is responsible for coordinating the calculation of Technical Provisions, Capital Requirements and Solvency Coverage. The HoAF is responsible for reporting to the Board and the CBI in line with requirements under Solvency II and the Domestic Actuarial Regime and related governance requirements. The Actuarial Function prepares annual opinions on the technical provisions, underwriting policy, reinsurance and the Own Risk and Solvency Assessment (ORSA). The actuarial function acts as a second line of defence in the risk management framework.

More information on the actuarial function can be found in section B.6 below.

B.1.3.4 Internal Audit

The internal audit function's role is to support the board and management teams in achieving strategic and operational objectives and in discharging corporate governance responsibilities. It satisfies this purpose by providing independent assurance as to whether adequate and effective risk management, governance and internal control procedures are in place and are functioning effectively. Internal audit acts as the third line of defence in the risk management framework. The Head of Internal Audit reports functionally to the board of ALD through its audit committee. The internal audit function is outsourced.

More information on the internal audit function is included in section B.5 below.

B.1.4 Remuneration Policy

The Group's remuneration policy is designed to support key business strategies and create a strong, performance-orientated environment across the Group. It is designed to attract, motivate and retain talented individuals who will contribute to the success of the Group and to provide clarity on the overall remuneration approach within the Group.

The policy is also cognisant and reflective of obligations of all regulatory codes including but not limited to:

- Corporate Governance Code.
- Consumer Protection Code.
- Solvency II.
- Sustainable Finance Disclosure Regulations (SFDR).
- Other Central Bank of Ireland guidelines.

The Group seeks to provide competitive salaries and to reward employees fairly. Base salary is the principal component of employee remuneration, and they are reviewed annually. The duties and responsibilities of each role determines the remuneration for the position along with the skills and experience of the person appointed to the position.

The Group's remuneration policy is:

- Established, implemented and maintained in line with the business and risk management strategy as approved by the board.
- Consistent with our risk profile, objectives, risk management practices.
- Reflective of the long-term interests and performance of the business, incorporating measures to avoid conflicts of interest.
- Designed not to promote risk taking which is not aligned with our risk appetite statement.

The Group operates bonus schemes for designated categories of employees. The schemes aim to reward employees for achieving personal and business success metrics. The terms of employee bonus schemes are approved by the board.

Membership of the Defined Contribution Pension Scheme is mandatory for all employees. Both the Group and employee contribute to the retirement fund. Contributions are based on base salaries and subject to relevant upper limits. Death in service benefits are also in place.

Remuneration for Independent Non-Executive Directors consists entirely of a fixed fee. Executive Directors participate in employee bonus schemes.

A dividend of €1.5 million was paid from ALD to Tanis Limited during 2025. ALGL did not pay a dividend in 2025. There are no plans to pay dividends during 2026. No dividends were paid in 2024 or 2023. There were no material transactions between the Group, its shareholder, members of the Board, and persons who exercise significant influence over the business during 2025.

B.2 Fit and proper requirements

B.2.1 Fitness & Probity Policy

Any person performing a pre-approval-controlled function (a “PCF”) or a controlled function (a “CF”) must have a level of fitness and probity appropriate to the performance of their function. These fitness and probity standards require that such individuals must be competent, capable, honest, ethical, financially sound and act with integrity.

We are subject to Fitness and Probity (F&P) standards. Our F&P Policy sets out the due diligence structures, processes and procedures in place to ensure the initial and ongoing assessment of those operating in PCF and CF roles including directors, senior management and employees whose activities have a material impact on the business.

We operate robust recruitment and selection controls which ensure that we select candidates that meet the F&P Standards. Candidates must be competent and capable, honest, ethical, act with integrity and be financially sound. These controls include screening of candidates and the assessment of completed fitness and probity questionnaires prior to their engagement. Candidates are screened for educational qualifications, work experience, conflicts of interest, bankruptcy, debt judgements and regulatory sanctions.

Our employment contract terms require continuing adherence to all regulatory standards. We require that individuals in PCF and CF roles confirm annually in writing whether there have been any material changes to their circumstances which would impact their fitness or probity and that they agree to continue to abide by F&P standards. This is facilitated as part of annual Compliance training. Individuals in PCF and certain CF roles are screened annually. Where material changes are confirmed, the individual is asked to provide additional information and confirm if they are still able to carry out their role. Compliance, the executive leadership teams, and the board, if appropriate, will review the case and confirm if the individual remains fit and proper. If this cannot be confirmed, the individual will cease carrying out their role.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk Management Framework

The risk management system includes the interaction of key components, which operate together as an integrated whole. The key components of the risk management system are outlined below.

Risk Universe

The Risk Universe is our categorisation and definition of the risks facing the business. It provides a common risk language, which is used across the business. Material risk categories are outlined within the risk management policy.

Risk Appetite

Risk appetite is the aggregate level and types of risk we are willing to assume within our risk capacity to achieve strategic objectives and business plans. It reflects our risk objectives and influences our culture and operating style. The risk appetite is determined by business strategy, risk management competencies and core values.

The risk appetite is proposed by the Group Leadership Team and is reviewed, challenged and approved by the board at least annually. The risk management process is designed to manage risk within the risk appetite. Risk appetite limits and trigger levels are integral to the strategic decision-making process, day-to-day business operations and risk management.

The risk appetite consists of a focused number of key measures which are used by the board and Group Leadership Team to steer the business from a risk perspective. We use trigger levels to anticipate breaches of appetite and to initiate management action in advance of the breach occurring. These actions may include avoiding, controlling, transferring, or accepting risks.

A well-articulated risk appetite provides:

- A firm basis for risk input to strategic decisions.
- Clear guidance to Group Leadership Team.
- Confidence for external stakeholders.
- More efficient use of our resources.
- A basis to apply a holistic enterprise approach to risk management.

Risk Policies

Risk management processes and the requirements of the risk management system are set out in the risk management policy and other policies which govern the material risks facing the Group. Each material risk in the risk universe is covered by one of the risk policies. These have been written to provide clear guidance to all levels of staff on how material risks are managed.

Policies are owned at Group Leadership Team level. There is no appetite for discretion to diverge from policy. Risk policies set out the principles to be followed to manage risk within acceptable limits. They establish monitoring and reporting requirements and describe consequences and escalation requirements of breaches. They drive risk management actions and address how we manage the business and the impact our actions may have on the business. The policies also link directly to the governance requirements of the Group. The application of the policies within the business is reviewed by the internal audit function.

Risk Identification

The risks that the business faces are identified and logged on the risk register. The risk identification process is carried out by the business and facilitated by the risk management function. The risk management function ensures that the risk identification process is refreshed on a regular basis. The business is also required to report risk incidents, and any emerging risks, to the risk management function. We appreciate that planned changes to products and business processes may affect the risk profile. Consequently, the business is required to analyse the risk of all proposed changes to products and business processes to ensure that any new risks

are identified. There are several processes by which risks are identified and brought to the attention of the risk management function:

- Regular risk reporting
- Annual risk appetite review
- Clear risk reporting lines
- The annual ORSA process
- Risk event reporting
- Annual risk identification exercise

The Annual ORSA process

The ORSA is a continuous process which analyses the risks faced by the business and ensures that it is managed soundly and prudently. It identifies, assesses, and monitors current and future solvency needs considering the risks faced by the business. The aggregate impact of these risks is assessed during the ORSA process which is facilitated by the risk management function. The ORSA provides us with detailed information on the risks facing the business, the cost of assuming or mitigating the risks, the potential impact on the solvency position and whether the risks align with the Group's risk appetite. The ORSA process is an integral part of the business strategy.

The risks captured on the risk register are reviewed as part of the Own Solvency Needs (OSN) assessment to determine whether the risk facing the business is adequately covered by the Standard Formula, or whether an additional provision is required. Stress testing and scenario analysis, used as part of the ORSA process, are important risk management tools. The board reviews and approves the ORSA report.

Risk Assessment and Measurement

Robust risk assessment and measurement is necessary to generate appropriate management information that enables informed decision-making. Our risk assessment and measurement methodologies form a key part of our policies and procedures. Each methodology explains how the measurement process works from the identification of a risk, through to the assessment of the risk, its quantification, and the assessment of the capital that should be set aside to mitigate the risk.

Key Risk Indicators (KRIs) and Key Risk Controls (KRCs) are monitored on a regular basis by the risk management function. If there are significant movements in the values of the parameters used for measuring risk, the risk management function instigates appropriate action by the Group and the Group Leadership Team, within a fixed timeline. Risk management action may also be required if a material business change is anticipated.

Risk Control

The business has controls to manage its risks. Risk mitigants may reduce the likelihood and/or the impact of risks. Control effectiveness is taken into consideration while assessing and aggregating risks. Regular review and measurement of risk profiles contributes to the assessment of the amount of own solvency capital the business needs and/or if there is a need for additional risk controls.

The process of implementing control improvements is owned by the business, reviewed by the risk function, and overseen and directed by the board. Business change proposals require a risk analysis to be performed. The risk analysis will identify any control changes necessary to manage changes in risk profile resulting from business changes.

Risk Monitoring and Reporting

Each business area is responsible for operating the risk management system and reporting information on its adherence to the risk management function. The risk management function reviews and challenges the information provided and reports it to the board together with the status of the control framework and the effectiveness of the risk management system. The internal audit function tests key controls and provides assurance over the control environment within the business including its risk management processes.

We have developed a suite of risk metrics and management information to facilitate and support effective risk management and decision-making at all levels of the business. The management information contains a mix of financial, risk and operational indicators to ensure that reporting is clear, consistent, and efficient. Reports aim to provide information that is appropriately balanced between predictive and historic data. Overall, there is an emphasis on analysis of forward-looking information. We monitor and report on a comprehensive range of KRIs and KRCs which are outlined in the risk management policy.

Risk Management Function

The Risk Management Function has independent oversight of risk management activities and acts as a second line of defence in the risk management framework. The Chief Risk Officer (CRO) of ALD leads the risk management function which maintains and monitors the effectiveness of the risk management policy and framework. The CRO also provides input into ongoing business decisions, ensuring consistency with risk policies and any board escalation protocols.

The risk management function is responsible for providing direction, guidance and support to the business regarding risk management systems and ensuring that a consistent process is applied across the business for managing risk. It has the primary responsibility for designing the framework that is applied in identifying, assessing, measuring, mitigating and monitoring risks. The risk management function also undertakes independent monitoring of risk management systems and processes to assist assessments of the robustness of the risk management processes.

The risk management function:

- Assists the board, and its risk committee, in the effective operation of the risk management system.
- Develops and implements an annual risk plan.
- Carries out the annual ORSA process, and any other ORSA processes required.
- Facilitates, and provides inputs into, the process of setting the risk strategy and appetite.
- Facilitates the process by which the business identifies and assesses the risks it faces.
- Maintains a central repository of all risks facing the business along with corresponding controls and mitigation measures.
- Supports the business in developing and implementing risk policies, risk identification, monitoring and reporting.

-
- Ensures that risk policies and procedures are communicated throughout the business to foster the risk culture set out by the board.
 - Monitors that the risk policies, procedures and the risk governance framework are up to date and fit for purpose.
 - Monitors the effectiveness of the risk management system by utilising key risk indicators and key risk controls.
 - Monitors overall risk profile and reports to the board on risk exposures against risk appetite, key risk events and any emerging risks.
 - Advises the board on risk management matters.
 - Fulfils a stewardship role with respect to embedding risk and customer-focused culture, and the policies and processes that support it, within the business.

B.4 Internal control system

B.4.1 Internal Control Framework

The internal control framework consists of a combination of elements which are described below. The board has overall responsibility for the system of internal control and for reviewing its effectiveness. The system is designed to manage the risk of failure to achieve business objectives and provides reasonable assurance against material misstatement or loss.

The key risk management and internal control system includes:

- Skilled and experienced management and staff in line with fit and proper requirements.
- Clear roles, responsibilities and reporting lines with performance linked to business objectives.
- An organisation structure with clearly defined lines of responsibility and authority.
- The maintenance of proper accounting records.
- A comprehensive system of financial control including forecasting and periodic financial reporting versus business plans.
- The risk committee within the Group and the risk management framework comprising a risk function, a clearly stated risk appetite and a risk strategy supported by approved risk management policies and processes.
- The management risk committee whose main role includes reviewing and challenging key risk information and assisting the board in the discharge of its duties.
- The risk strategy, framework and appetite are articulated in a suite of policies covering all risk types and supported by detailed procedural documents.
- An ORSA linking to risk management, strategy and capital management.
- An internal audit function and a compliance function.
- A data protection officer.
- Audit committees' whose formal terms of reference include responsibility for assessing the controls in place to mitigate risks.
- A remuneration committee which ensures that the approach to remuneration is consistent with our risk profile, objectives, risk management practices.
- A disaster recovery framework.
- A business continuity framework.
- Policies such as a corporate governance policy, fitness and probity policy and code of ethics.

B.4.1.1 Governance and Internal Control structures:

- The board is ultimately responsible for setting and overseeing the internal control framework.
- The board has delegated responsibility for the establishment, review and maintenance of the system of internal control to boards of the subsidiary companies.
- The key control functions provide guidance, set relevant policies and provide assurance on the internal control environment.

B.4.1.2 Three Lines of defence:

The Group has adopted the 3 lines of defence approach to internal control as follows:

- The first line of defence is the business functions which carry out day-to-day operations.
- The second line of defence sets control policies and undertakes monitoring and surveillance of business operations.
- The third line of defence undertakes independent monitoring and assurance activities.

B.4.1.3 Policies

A suite of policies is regularly approved by the board and implemented by the business functions. The policies set out the minimum standards with which the business must comply. The policies are implemented throughout the business via processes, procedures, and controls.

B.4.1.4 Training:

The Group provides relevant internal control training to all staff. This training includes but is not limited to:

- Understanding the importance of an adequate system of internal control.
- Roles and responsibilities in respect of internal controls.
- Reporting lines for any control deficiencies or failures.

B.4.1.5 Controls over Financial Reporting

The Group has a comprehensive set of accounting policies and internal accounting controls.

General accounting control activities include:

- A comprehensive set of accounting policies relating to the preparation of financial statements.
- Audit committees' challenge and review of key judgements and assumptions which are material to the annual financial statements.
- Regular financial reporting to the executive leadership teams, ALD audit committee and board.
- An appropriately qualified and skilled finance team operating under the supervision of experienced management who are compliant with fit and proper requirements.
- Appropriate financial and accounting software.
- Approvals, authorisations, verifications, reconciliations, management reviews, and other measures applicable to each business area.
- Physical controls to premises and assets.
- Access control to key financial data.

-
- Checks on agreed exposure limits.
 - Appropriate segregation of duties.

B.4.1.6 Communication

Formal lines of communication ensure that all staff report on:

- Control breaches
- Control deficiencies
- Fraudulent activities

The Group endeavours to ensure quality, timely, accurate and complete reporting and encourages suggestions for improvements. Reporting lines are designed to enable functional managers to inform the risk management function, internal audit, compliance and actuarial functions of facts relevant to the performance of their duties.

B.4.1.7 Monitoring and Reporting

Monitoring and reporting mechanisms are in place in order to:

- Provide timely and relevant information relating to the internal control framework to assist management in decision-making processes.
- Report on the overall state of internal controls; and
- Identify deficiencies in the system of internal control and rectify them in a timely manner.

Regular internal audits are conducted over the process of internal control by the internal audit function. In addition to the internal audits, reviews will be performed by the compliance function to ensure compliance with all relevant codes, policies, and regulatory requirements. The results of these reviews are reported to the relevant areas.

B.4.1.8 Compliance Function

The compliance function operates in the second line of defence and it develops and implements the compliance framework which sets out how regulatory risk is managed. An annual compliance plan is developed and approved by the board. The compliance function has the following roles and responsibilities:

- Ensures compliance with all relevant legislation.
- Ensures high standards of business quality.
- Promotes a culture of compliance.
- Identifies external requirements and trends.
- Advises the board and management of new and upcoming regulations.
- Issues policies and provides guidance on compliance related matters.
- Determines the need for new or revised compliance policies and supporting documentation.
- Acts as a business partner by providing strategic, transactional and day to day compliance advice and direction.
- Establishes a compliance universe of applicable legislation, regulation, codes and guidance and identifies areas within the business responsible for the operation of compliant processes and controls relevant to each requirement.

-
- Delivers appropriate compliance training and communications.
 - Undertakes an annual programme of independent risk-based compliance monitoring and reporting.
 - Maintains a log of breaches and errors.
 - Organises the compliance committee and ensures it meets regularly and acts in accordance with its terms of reference.
 - Ensures that all relevant personnel are trained on their obligations under anti-money laundering (AML) legislation.
 - Assesses the adequacy of the measures adopted to prevent non-compliance.
 - Ensures AML monitoring is reported to the board and compliance committees.

This is a non-exhaustive list of items that are conducted by the compliance function. From time to time the compliance function may also be involved in certain first line of defence projects. During the tenure of these projects, the compliance function will always ensure that the independence of the compliance function is not undermined. The compliance function will not be involved in any activities where the performance of tasks gives rise to potential conflicts of interest.

B.5 Internal Audit Function

The internal audit function is the third line of defence in the risk governance structure. Internal audit provides independent assurance to the board. The internal audit function is formally established through its charter, which is reviewed and approved by the board at least annually. The internal audit charter prohibits the internal audit function from performing management activities. The role of head of internal audit is outsourced. This ensures the role is independent from other operational functions. Outsourcing ensures that the internal audit function has access to specialist technical areas in a cost-effective manner.

Internal audit examines and evaluates the functioning of internal controls and other elements of the system of governance, as well as the adequacy of and compliance with regulatory obligations, internal strategies, policies, processes, and reporting procedures. Internal audit exists to provide independent assessments of the quality of internal controls and administrative processes and to provide recommendations and suggestions for continuous improvement.

B.6 Actuarial Function

ALD has an Actuarial Function headed by the Head of Actuarial Function (HoAF). A brief summary of responsibilities of the Actuarial Function is:

- Calculation of Best Estimate Technical Provisions and Solvency Capital Requirement.
- Reporting to the Board and the CBI in line with requirements under Solvency II and the Domestic Actuarial Regime and Related Governance Requirements.
- Providing an annual opinion on the ORSA, Underwriting and Reinsurance arrangements.
- Completing cash-flow and capital modelling.
- Consideration of Policyholder Reasonable Expectations (PRE).

B.7 Outsourcing

The Group outsources some activities to service providers to assist in achieving strategic objectives and delivering a high level of service to customers. The Group has an outsourcing policy which sets out how we identify and justify outsourcing risks and costs and implement outsourcing arrangements. It provides clear definitions of outsourcing and the criticality of outsourced activities. Outsourcing involves transferring responsibility for carrying out an activity to an outsourcing provider for an agreed charge. The outsourcer provides services based on an agreed contract. The Group retains responsibility for discharging its obligations.

The outsourcing policy specifies the contractual controls that must be in place with outsourcing providers to mitigate potential risks. The benefits of outsourcing must be balanced against the risks. This policy assists us in choosing the right outsourcing provider, ensuring that the Solvency II requirements on outsourcing are complied with, assessing the risks, ensuring risk appetite alignment, identifying the benefits of outsourcing, carrying out appropriate due diligence, setting service level agreements and forming a contract so that a successful partnership will prevail.

The outsourcing arrangements in place are regularly monitored and reviewed in line with the policy and the board approves all critical or important outsourcing arrangements. The Central Bank is notified of proposals to outsource critical or important activities.

The Group has put in place the following critical and important outsourcing arrangements:

Outsourced Activity	Jurisdiction of Outsourcing Provider	Internal Owner
Custodian Services	Ireland and France	Head of Investment
Asset Management	Ireland and United Kingdom	Head of Investment
Unit Trust administration services and Pensioner Trustee services for Self-Directed Pension contracts	Ireland	Chief Accounting Officer
Tele Interviewing	United Kingdom	Head of Claims
Internal Audit	Ireland	Chief Accounting Officer
Printing, packing, and posting of correspondence	Ireland	Chief Operating Officer
Cloud hosting of the electronic point of sale system	Ireland	Chief Information Officer

B.8 Assessment of governance and any other disclosures

The Group is satisfied of its compliance with Corporate Governance Requirements for Insurance Undertakings and has concluded that it provides for sound and prudent management proportionate to the nature, scale and complexity of the operations of the Group.

We are satisfied that there is no other material information that needs to be disclosed.

C. RISK PROFILE

The following is a summary of the Gross SCR:

	SCR Amount	SCR %	SCR Amount	SCR %
	2025		2024	
Underwriting Risk	€35.9m	45.5%	€36.7m	51.1%
Market Risk	€36.8m	46.6%	€29.6m	41.2%
Counterparty Risk	€4.7m	5.9%	€4.0m	5.7%
Operational Risk	€1.6m	2.0%	€1.5m	2.0%
Solvency Capital Requirement (before tax relief & diversification)	€79.0m	100%	€71.8m	100%

C.1 Underwriting risk

C.1.1 RISK EXPOSURE

Underwriting risk relates to the uncertainty regarding the occurrence, amount or timing of insurance claims and risk income, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of insurance risk drivers. The Group is in the business of accepting mortality and morbidity risk, and it takes a cautious approach to managing underwriting risk through product design and the use of reinsurance to minimise solvency risk and profit volatility. The material product lines, and the risks associated with them are summarised in the table below:

Product Type	Risk Exposure
Protection Life Plan	<ul style="list-style-type: none"> • Mortality risk • Morbidity risk • Expense risk • Lapse risk • Market risk • Unit pricing
Mortgage Protection	<ul style="list-style-type: none"> • Mortality risk • Lapse risk • Expense risk
Pensions	<ul style="list-style-type: none"> • Expense risk • Lapse risk • Market risk • Unit Pricing

Savings and Investments	<ul style="list-style-type: none"> • Expense risk • Lapse risk • Market risk • Unit Pricing
--------------------------------	---

Mortality Risk

The Group is exposed to the risk of mortality being higher than expected. This can arise through adverse experience trends, anti-selection, catastrophe, or risk concentrations. Mortality experience in recent years has seen some volatility in mortality claims. However, the long-term trend has remained relatively stable.

Morbidity Risk

The Group is exposed to the risk that illness experience is worse than expected on the following benefits:

- Critical illness cover
- Hospital cash cover
- Surgical cash cover
- Accidental injury cover
- Personal accident cover
- Waiver of premium benefit

Morbidity experience in recent years has seen some volatility in morbidity claims. However, the long-term trend has remained relatively stable.

Lapse Risk

The Group is exposed to a risk of lapses being higher or lower than expected, as well as the possibility of a once off lapse event. High lapses do not significantly affect solvency in the short-term however high lapses could reduce profits emerging over the longer-term which would have an adverse impact on solvency over time. The long-term trend has remained relatively stable.

Expense Risk

Charges deducted from policies aim to cover expenses incurred in running the business. Much of our cost base is relatively fixed, so delivering the best value to our customers is dependent on having enough policies in force.

Market Risk

The company is exposed to the risk of losses arising from adverse movements in the price or economic value of market positions.

Unit Pricing Risk

The company is exposed to the risk of financial loss or regulatory breach due to errors in calculating unit prices for internally managed funds, impacting policyholder allocations and fund valuations.

The Group does not use special purpose vehicles as described under Article 211 of Solvency II Directive.

C.1.2 RISK CONCENTRATION

Our business strategy of distributing our products through Acorn Brokerage Ltd, trading as Ask Acorn, within the Irish market incorporates an element of concentration risk. However, concentrations of risk are continuously monitored, and the Group is satisfied that it is not exposed to excessive concentrations of risk.

C.1.3 RISK MITIGATION

Risk Monitoring

It is the responsibility of the HoAF of ALD, with support from other areas of the business to monitor the principal risk factors which will influence the profitability of business written in the future. The HoAF monitors these factors on a regular basis and gives an annual opinion on underwriting as part of the Actuarial Function Report. Profitability is monitored regularly through monthly experience investigations.

C.1.3.1. The Underwriting Process

The Underwriting process is the primary method by which mortality and morbidity risks are mitigated.

- It is the Group's policy to follow the underwriting philosophy of our reinsurers when underwriting policies covered by our reinsurance agreements.
- The Head of Underwriting ensures that the underwriting manual mitigates the risk of anti-selection.
- The Head of Underwriting ensures that sufficient training takes place for underwriters on the use of the reinsurer's underwriting manual.
- All underwriters must maintain membership of an appropriate professional body and engage in continued professional development.

C.1.3.2 The Claims Process

- The Group maintains a claims management manual which sets out the claims management process in detail.
- The head of claims ensures that claim handlers have received sufficient training to use the claims manual.
- Changes to the claims management manual are approved by the head of claims.
- Changes to the claims philosophy are agreed with our reinsurers.

C.1.3.3. Reinsurance

Reinsurance is in place to cover a proportion of sums assured on death, critical illness, and accidental death benefits. Reinsurance is a key risk management tool which reduces the volatility of cash flows by transferring risk to a third party. The primary objectives of the reinsurance strategy are as follows:

- Reduce the volatility of cash flows, own funds and solvency capital requirement.
- Manage exposure to individual lives.
- Manage capacity to write new business.
- Support the pricing of new business and product design process.
- Support the underwriting and claims management processes.

The Group reinsures sums at risk with two reinsurers. Both reinsurers have at least an A rating in line with our risk appetite. Credit risk associated with both reinsurers is low.

C.1.4 RISK SENSITIVITY

As part of the ORSA process in 2025, underwriting stresses were tested. These included expenses, claims and lapse stresses. Other scenarios which assessed a combination of these stresses were also tested. This involved the recalculation of the projected solvency coverage under a stressed scenario to determine if we would have sufficient own funds to cover SCR in the future. Our projected solvency coverage remained resilient in the stressed scenarios considered.

C.1.5 Dependencies between risk modules

The Group uses the correlations specified for the Solvency II Standard formula to determine dependencies across underwriting risks and between these and other risks. Our insurance risk profile does not exhibit any unique features which would suggest that the correlation between sub-modules would be any lower than suggested by the Standard formula.

C.1.6 Any other information regarding the underwriting risk profile

We are satisfied that there is no other material information that needs to be disclosed.

C.2 Market risk

C.2.1 RISK EXPOSURE

Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, immovable property prices and exchange rates. Market risk SCR is made up of equity, currency, spread, interest rate and property risk SCRs. We pursue a policy of matching policyholder liabilities and have no appetite for mismatching of policyholder unit liabilities. Shareholder funds are predominantly invested in liquid assets.

Equity Risk SCR: The income generated through unit related charges on policyholder funds makes this SCR significant. However, the net impact of the equity SCR on free capital is not material due to the presence of a corresponding asset representing the present value of future profits including charges levied on policyholders' equity exposures.

Currency Risk SCR: The Group is indirectly exposed to currency risk through management charge margins generated on policyholder assets. The net impact of the currency SCR on free capital is not material due to the presence of a corresponding asset representing the present value of future profits including charges levied on policyholders' currency exposures.

Spread and Interest Rate Risk: The Group is directly exposed to spread and interest rate risk through its investments in debt securities with an indirect exposure through policyholder assets. The Group reviews its exposure to interest rate and spread risk regularly by conducting an asset liability matching analysis.

Property Risk: Is generated in respect of all properties owned and is not material.

Investments are made in accordance with the Prudent Person Principle giving due regard to the security, quality, liquidity, sustainability and profitability of individual investments and the overall portfolio. Investment is limited to certain asset classes and internal risk limits. Tolerance levels have been calibrated to ensure the company achieves the desired portfolio profile.

C.2.2 RISK CONCENTRATION

The Group is potentially exposed to concentration risk via its cash positions at banks. The exposure to any single bank is limited which reduces the exposure.

C.2.3 RISK MITIGATION

The Group has board approved policies for investment and market risk management, asset and liability management and liquidity risk management and it monitors its exposure to market risk in line with these policies. The Group has established market risk limits with respect to the investment portfolio.

Equity risk: The Group has limited appetite to invest shareholder assets directly in equities. The Group has a policy in respect of exposure to equity risk through unit fund mismatches and the shareholder is exposed to equity risk indirectly through management charge margins generated on policyholder assets.

Currency risk: The Group has no appetite to invest shareholder assets directly in foreign currency. The Group has a policy in respect of exposure to currency risk through unit fund mismatches. It is accepted that the shareholder is exposed to currency risk indirectly through management charge margins generated on policyholder assets.

Credit spread risk: The shareholder's appetite for credit spread risk is defined in respect of debt securities and unit fund mismatches. It is accepted that the shareholder is exposed to credit spread risk indirectly through management charge margins generated by policyholder assets.

Interest rate risk: The shareholder's appetite for interest rate risk is defined in respect of debt securities and unit fund mismatches. It is accepted that the shareholder is also exposed to interest rate risk indirectly through management charge margins generated on policyholder assets.

Valuation Policy

Shareholder assets are generally not invested in complex products that are difficult to value and there is a valuation source for each asset class in the investment portfolio.

C.2.4 RISK SENSITIVITY

Market risk stresses and sensitivity tests are carried out annually through the ORSA process. As part of the ORSA process in 2025, several market stresses were tested including scenarios which had a combination of stresses. Our projected solvency coverage remained resilient in the stressed scenarios considered.

C.2.5 Dependencies between risk modules

The Group uses the correlations specified for the Solvency II Standard formula to determine dependencies across market risks and between these and other risks. The Group's specific market risk exposures do not exhibit any unique fixtures which merit a heightened correlation allowance between market risk sub-modules.

C.2.6 Any other information regarding the market risk profile

We are satisfied that there is no other material information that needs to be disclosed.

C.3 Credit risk

C.3.1 RISK EXPOSURE

Credit (Counterparty) risk is the risk of financial loss arising from a counterparty which fails to meet its obligations in accordance with agreed terms. Exposure to this risk occurs any time funds are extended, committed or invested through actual or implied contractual agreements. The Group's exposure to credit risk is predominantly related to its reinsurance protection and financial assets.

Reinsurance: The Group purchases reinsurance protection to limit its exposure to claims. The Group only places reinsurance with companies that it believes are strong financially and operationally. Credit exposures to these companies are closely monitored. Both reinsurers have a Moody's credit-rating of at least A. The Group has assessed these credit ratings and security as being satisfactory in diminishing its exposure to the associated credit risk.

Financial Assets: The extent of the exposure to credit risk from financial assets is managed by the formulation of, and adherence to, an investment policy incorporating clearly defined investment limits and rules, as approved by the board. The Group employs appropriately qualified, experienced personnel and external investment management specialists to manage the investment portfolio. The overriding philosophy of the investment policy is to protect and safeguard the Group's assets and to ensure its capacity to underwrite is not put at risk.

C.3.2 RISK CONCENTRATION

Reinsurance of mortality and critical illness sums insured are concentrated with one of our reinsurers. This exposure represents a concentration risk. The Group is confident that alternative reinsurance arrangements would be available if the reinsurer withdrew from the market or increased its prices. The Group also has the option to cease or reduce the level of reinsurance. The investment policy and risk appetite statement set out clear limits with respect to concentrations of investments and deposits.

C.3.3 RISK MITIGATION

The risk appetite statement sets out limits on reinsurers' credit ratings to limit credit risk. There are limits on the amount that can be deposited with a single bank and on the ratings of banks that the Group will deal with. The Group limits its exposure to single banks by investing in short duration bond funds.

C.3.4 RISK SENSITIVITY

As part of the ORSA process in 2025, a number of counterparty stresses were tested. Our projected Solvency Coverage remained resilient in the stressed scenarios considered.

C.3.5 Dependencies between risk modules

The Group uses the correlations specified for the Solvency II Standard formula to determine dependencies between counterparty risks and between counterparty and other risks.

C.3.6 Any other information regarding the credit risk profile

We are satisfied that there is no other material information that needs to be disclosed.

C.4 Liquidity risk

C.4.1 RISK EXPOSURE

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. On 31 December 2025, most of the Group's assets held in order to meet its liabilities and solvency capital requirement (SCR) were held in liquid investments.

The Group is exposed to liquidity risk because of its business operations. This includes timing mismatches between policyholder obligations and claims and reinsurance recoveries as well as cash-flow obligations arising from operating expenses, taxation, and other liabilities. The Group's exposure to liquidity risk did not materially change during 2025.

The Group has a limited appetite for liquidity risk and seeks to mitigate it via:

- maintaining of a portfolio of liquid assets to ensure that sufficient financial resources are available to meet obligations as they fall due.
- active management of reinsurance arrangements to recover claims paid; and
- access to bank borrowing facilities.

The Group is exposed to a general liquidity risk due to the administrative delay between the payment of claims and the recovery of associated reinsurance. Active management of amounts due from reinsurers allows us to address delays in the recovery of reinsurance. The Group is satisfied that reinsurance balances are settled in a timely fashion and that balances outstanding are in line with the risk appetite statement. The delay between the payment of large claims and recovery of the reinsured portion poses a liquidity risk. Large claims are flagged through the risk management framework and cash is set aside in advance of payment to minimise the liquidity risk.

In line with the Solvency II Prudent Person Principle, the approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet liabilities as they fall due under both normal and stressed conditions without incurring losses or risking reputational damage.

C.4.2 RISK CONCENTRATION

Liquidity risk concentration can occur in several different ways, but we do not believe that we have material liquidity risk concentrations.

C.4.3 RISK MITIGATION

Free Capital (own funds in excess of those required to meet the solvency capital requirement) is backed entirely by qualifying liquid assets as defined in our liquidity risk management Policy.

In managing and/or mitigating liquidity risk the Group:

- invests in, and maintains a portfolio of, liquid assets in accordance with permissions and limits as defined in the liquidity risk management and investment & market risk management policies.
- matches unit-linked liabilities with investments in unit-linked assets with identical duration and cash-flow profile.
- funds the redemption of customer investment liabilities by the redemption of the linked assets supporting the investment contract liability.
- notifies reinsurers of large claims when received to minimise the timeframe within which cash on reinsurance recoveries is received.

Liquidity risk monitoring and reporting

Liquidity planning is performed to determine cash-flow needs. The liquidity of the asset portfolio is subject to ongoing monitoring and reporting. The projected liquidity position of assets in excess of liabilities under each scenario examined in the ORSA is highlighted within the annual ORSA report.

Expected Profits in Future Premiums (“EPIFP”)

EPIFP is the amount of profit arising from including future premiums in the calculation of the technical provisions. The EPIFP is not liquid because it relates to future premiums. The EPIFP was €2.2 million at 31 December 2025 (2024: €2.1 million).

C.4.4 RISK SENSITIVITY

A meaningful liquidity stress is difficult to apply to a balance sheet with very healthy liquidity. The Group’s free capital is held in liquid assets. Because of this, when the Group is adequately solvent, it also has a healthy liquidity position. The liquidity position is stressed under each of the scenarios in the ORSA with the level of liquid assets maintained in all scenarios in line with the regulatory free capital position.

C.4.5 Dependencies between risk modules

Given that liquidity is not a material risk, the Group does not model dependencies between liquidity risks and other risks.

C.4.6 Any other information regarding the liquidity risk profile

We are satisfied that there is no other material information that needs to be disclosed.

C.5 Operational risk

C.5.1 RISK EXPOSURE

Operational risk is the risk associated with a loss resulting from failed internal processes, human and system errors, fraud and the consequences of natural or man-made disasters such as terrorist attacks, fire, flood, earthquake and pandemics. The Group considers cyber security risk, outsourcing risk and business continuity

risk as key operational risks. The Group accepts that some operational risk loss events will happen and has set a yearly tolerance for operational risk losses. The Group manages operational risk to an acceptable level, through a combination of sound corporate and risk governance, strong systems and controls, strong resource management and limit and tolerance structures.

C.5.2 RISK CONCENTRATION

Operational risks can occur in a number of different areas. There is no obvious concentration in a particular area.

C.5.3 RISK MITIGATION

Operational risks are mitigated by our internal control framework. The Group has a robust system in place which includes written procedures, risk limits and the controls required to implement, measure, monitor, maintain and report on all material operations.

The Group holds additional own solvency needs (OSN) capital for operational risks. The below table summarises some key operational risk areas and methods of mitigation.

Operational risk area	Mitigation measure
Claims and underwriting	Regular audits and experience investigations. Individual underwriter acceptance limits. Segregation of duties for processing, authorisation and payment of claims.
Systems	Robust business and continuity and disaster recovery plans. Business sign-off and peer reviews.
Unit pricing	Daily valuations. Strict processes, controls, peer reviews and checks.
Mis-selling	Sales agents are regulated by the Central Bank of Ireland and they are required to maintain appropriate professional qualifications.
Legal Risk	Legal review of contracts and documentation. Ongoing monitoring of legal and regulatory changes. Consultation with legal advisors.
Information and Cyber Security Risk	Information security policies and procedures. Regular security awareness training. Cyber incident response plans. Access controls and monitoring.

Health and Safety Risk	<p>Health and safety policies. Regular risk assessments. Compliance with statutory requirements. Training and awareness programs.</p>
Outsourcing Risk	<p>Outsourcing policy and due diligence. Ongoing monitoring of service providers. Contractual controls and service level agreements.</p>
Fraud Risk	<p>Anti-fraud policies and procedures. Segregation of duties. Whistleblowing mechanisms. Regular audits and monitoring.</p>

C.5.4 RISK SENSITIVITY

Operational risks exposures are considered as part of the ORSA resulting in OSN capital being set aside.

C.5.5 Dependencies between risk modules

The Group uses the correlations specified for the Solvency II Standard formula to determine dependencies between operational and other risks.

C.5.6 Any other information regarding the operational risk profile

We are satisfied that there is no other material information that needs to be disclosed.

C.6 Other material risks

Combined Stresses

In addition to stressing each of the risks discussed above individually in the 2025 ORSA, the Group also examined several scenarios in which different stresses were combined. The 2025 ORSA results demonstrate satisfactory forward-looking solvency, liquidity and operational resilience positions under all scenarios. This provides us with a high level of certainty around the strength of our medium-term financial position.

Special Purpose Vehicles

The Group does not use Special Purpose Vehicles.

Cybersecurity

The risks associated with IT and Cybersecurity are a key area of focus for the Group given the potential to have serious implications for consumer protection, financial stability and the overall reputation of the Irish financial system. The Group recognises its responsibilities in relation to IT, cybersecurity governance and risk management and it places these among its top priorities. We continuously monitor for new threats or unusual events that may increase cyber risk. The Group is well placed to withstand such risks in the ever-changing world of technology. A Cyber Security Policy is in place and cyber risk is a standing agenda at management and board risk committee meetings.

Geopolitical Risks

The Group is exposed to various investment risks including market risks and liquidity risks. The evolving conflict in the Middle East is a situation of concern which we continue to monitor including the associated increase in cyber and IT security risks. Adverse impacts on global financial markets arising from this conflict could affect future investment returns and future income through management charge margins generated by policyholder assets. In addition, potential impacts on global supply chains, fuel prices and broader economic conditions could adversely impact the cost of doing business.

Environmental and Social Risks

We are actively managing environmental, social, and climate-related risks under board oversight, supported by the ESG Committee, which drives the ESG agenda and includes risk and compliance for second-line monitoring. Departments implement climate risk strategies using reliable metrics. We recognise that environmental degradation, social issues, and climate change can impact long-term sustainability and stakeholder expectations. Our approach aligns business strategy with ESG objectives, integrates sustainability into our risk framework, and includes a climate risk materiality assessment under ORSA, establishment of the ESG Committee, and a commitment to carbon-neutral status.

Distribution and market risk

The Group distributes its products primarily through ABL, creating an element of distribution concentration risk. Any disruption to this channel could impact new business volumes or customer engagement. During 2025, the Group also prepared for the introduction of Zen Pensions, which is expected to provide an additional distribution route following its early-2026 launch. The wider market for life, pension and investment products continues to evolve, driven by changing customer expectations, digitalisation and emerging distribution models. Advancements in artificial intelligence may also influence customer behaviour and competitive dynamics. These risks are assessed through the Group's ORSA, which considers stresses on new business volumes and distribution capacity across current and emerging channels.

Consumer Protection Code 2025 (CPC 2025)

The Group is committed to upholding the Consumer Protection Code 2025 and ensuring that all customers are treated fairly, transparently, and in a manner that secures their interests in a proportionate and reasonable way. The Group recognises its responsibility to deliver fair customer outcomes across all stages of the product and service lifecycle. In making decisions that may impact customers, the Group will consider customer interests alongside commercial, operational and risk considerations, and will seek to ensure that decisions do not result in unreasonable or foreseeable customer detriment. The Group identifies and supports consumers in vulnerable circumstances in line with CPC 2025 and the Guidance on Protecting Consumers in Vulnerable Circumstances. Staff must take appropriate care to understand individual needs, adapt communication where necessary, and ensure vulnerable consumers are not disadvantaged.

New and Emerging Risks

The Group continues to monitor upstream regulatory developments through its risk management framework and compliance function to ensure that it is prepared to assess and implement legislative changes as required. An Emerging Risk is a risk which may or may not develop, is difficult to quantify, may have a high loss potential and is marked by a degree of uncertainty.

The key areas of focus for the Group at present are:

- **Product design and development:** Remains a key risk facing the Group at present. Good progress was made on the product roadmap throughout 2025. In 2026, we will continue implementing plans to ensure ongoing IORP II compliance for our OMA pension business via our Master Trust or PRSA offering and we are working on a replacement solution for our Flexible Life Plan product.
- **Claims Level Risk:** Remains a key focus. During 2025, risk profits were impacted by higher-than-expected surgical cash claims, though overall risk profits were broadly in line with projections.
- **Technological Change and Artificial Intelligence (AI):** Advancements in AI and other digital technologies are increasing the pace of change across product design, customer engagement and distribution models. While these developments present opportunities for efficiency and improved customer service, they also create uncertainty regarding future customer expectations, competitive dynamics and operational processes. The Group continues to monitor developments in this area to ensure that any impacts on our business model, product offering or control environment are identified and managed in a timely manner.
- **Long-term sustainability:** While our solvency position remains strong, we recognise the need to continue increasing scale to deliver long-term value for customers.
- **Upstream Regulatory Change:** Regulatory change is ongoing, and we continue to monitor and prepare for developments. Current areas of focus include:
 - SFDR Revision Proposals
 - Changes arising from the Solvency II Review
 - EU AML Rulebook Package
 - Consumer Protection Code (CPC) 2025 and
 - The Retail Investment Strategy (RIS).

C.7 Any Other Disclosure

We do not believe that there is any other information that needs to be disclosed.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

With some exceptions as described below, the Group recognised and valued its assets for solvency purposes based on the valuation methods it used to prepare its Consolidate Financial Statements, as provided for by Article 9 of Delegated Regulation (EU) 2015/35. Those methods are consistent with the Solvency II valuation rules which require that assets are valued at the amount for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Assets	2025			2024		
	Irish GAAP Value €'000	Solvency II Value €'000	Variance €'000	Irish GAAP Value €'000	Solvency II Value €'000	Variance €'000
Deferred Acquisition Costs	36,002	0	(36,002)	32,139	0	(32,139)
Pension benefit surplus	0	0	0	0	0	0
Property, plant and equipment held for own use	2,764	2,764	0	2,196	2,196	0
Financial Assets - Government bonds	0	0	0	0	0	0
Financial Assets - Corporate bonds	119	119	0	119	119	0
Financial Assets - Structured notes	0	0	0	0	0	0
Assets held for index-linked and unit-linked contracts	1,350,597	1,350,597	0	1,241,237	1,241,237	0
Loans and mortgages	3,148	3,148	0	2,840	2,840	0
Reinsurance recoverables	22,637	(278)	(22,915)	20,461	387	(20,075)
Insurance and intermediaries receivables	673	673	0	506	506	0
Reinsurance receivables	0	9,096	9,096	0	6,915	6,915
Receivables (trade, not insurance)	1,078	1,078	0	751	751	0
Cash and cash equivalents	72,089	72,089	0	70,450	70,450	0
Any other assets, not elsewhere shown	0	0	0	0	0	0
Total assets	1,489,108	1,439,287	(49,821)	1,370,700	1,325,401	(45,299)

The consolidated financial statements have been prepared in line with FRS 102 and 103 on a going concern basis. This basis assumes that the Group will continue in operational existence for the foreseeable future. The annual Own Risk and Solvency Assessment (ORSA) process provides oversight and governance over the assessment of the Group's ability to continue as a going concern. The ORSA is the primary risk assessment process which identifies the business risks relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern, assesses the significance of those risks, including the likelihood of their occurrence and their potential impact and describes how risks can be addressed or mitigated. The key message from the 2025 ORSA process is that the balance sheet remains resilient to future stressed scenarios and there is no material threat to solvency or liquidity over the medium term. Based on the directors' assessment of the Group's financial position, the directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. This assessment reflects planned investments in Digital Transformation under the Distribution 21 strategy, management of the cost base, and the Group's ability to maintain sufficient Available Free Capital to support strategic initiatives while meeting regulatory capital requirements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The differences between the

Consolidated Financial Statements valuations compared to the valuations under the Solvency II framework are as follows:

- **Deferred acquisition costs (DAC):** A DAC asset is recognised in the Consolidated Financial Statements but is not recognised under Solvency II.
- **Reinsurance recoverable:** The Solvency II value is stated on a discounted best estimate basis. Reinsurance recoverable is not discounted in the Consolidated Financial Statements valuation.
- **Reinsurance receivable** - part of the reinsurance recoverable in the Consolidated Financial Statements relating to reinsurance which will be recovered in respect of claims that have been notified but have not been fully investigated is classified as a reinsurance receivable asset under the Solvency II framework.

The Group does not have a deferred tax asset on its Solvency II balance sheet, nor has it provided any guarantees. The Group does not have any material leasing arrangements.

D.2 Technical Provisions

Technical Provisions by material line of business

The technical provisions comprise the Best Estimate of the Liabilities (“BEL”), the Risk Margin, Gross Technical Provisions (calculated as a whole), related reinsurance and other technical provisions relating to policyholders. Technical Provisions are valued for solvency purposes in accordance with the Solvency II valuation rules which require liabilities to be valued at the amount for which they could be transferred, or settled, between knowledgeable and willing parties in an arm’s length transaction. The tables below show the technical provisions at 31 December 2025 and 31 December 2024 by material line of business:

2025

Line of business	Gross best estimate liability	Risk Margin	Gross technical provisions (calculated as a whole)	Recoverables from reinsurance contracts and SPVs	Total technical provisions net of recoverables
€'000					
Unit-linked life	(56,172)	12,656	1,354,580	(1,642)	1,309,422
Non unit-linked life	(4,167)	374	0	1,920	(1,873)
Total	(60,339)	13,031	1,354,580	278	1,307,549

2024

Line of business	Gross best estimate liability	Risk Margin	Gross technical provisions (calculated as a whole)	Recoverables from reinsurance contracts and SPVs	Total technical provisions net of recoverables
€'000					
Unit-linked life	(50,401)	13,826	1,245,061	(2,162)	1,206,324
Non unit-linked life	(3,923)	363	0	1,775	(1,785)
Total	(54,325)	14,189	1,245,061	(387)	1,204,539

A. Gross Best Estimate Liability

The BEL is calculated using a gross premium valuation for all policies in-force at the valuation date. It is the prospective value of future expected cash-flows on a policy-by-policy basis. Future claims, investment growth, expenses and lapses are projected. Future premium income is projected for non-unit-linked business only. Future premium income is not projected for unit-linked business because of Solvency II contract boundary rules. Negative reserves are permitted. The BEL calculation allows for future management actions approved by the board.

Main assumptions

Claims assumptions

Claims rate assumptions take account of relevant reinsurance data and our own experience over a five-year period. Judgement is applied to ensure there is sufficient allowance for relevant trends or factors which we expect to change.

Investment Growth Rate

The investment growth rate used to project future investment growth on unit-linked funds is derived from the risk-free rate specified by the Solvency II regulations. The Group used the rates as provided by European Insurance and Occupational Pensions Authority ("EIOPA").

Discount Rate

The risk-free interest rate used for discounting the projected cash flows in the technical provisions calculation is the EUR relevant risk-free structure as specified by the Solvency II regulations. The Group used the rates as provided by EIOPA. The Group did not use the matching adjustment or the volatility adjustment at 31 December 2025.

Expenses and Inflation

The expenses incurred in servicing the Group's insurance obligations consist of administration, claims management/handling and overhead expenses. The Group performs regular expense analysis to allocate expenses between acquisition and renewal expenses. The best estimate expense assumptions are based on

the results of this analysis. The assumption for expense inflation is based on the Group's best estimate of future inflation.

Lapse assumptions

Lapse assumptions are set with reference to the Group's actual experience over a relevant five-year period. Expert judgement is applied where necessary to ensure there is sufficient allowance for relevant trends or factors which we expect to change.

Changes in Assumptions

The main change to assumptions over the 2025 financial year related to expenses, claims and lapse experience.

B. Risk Margin

The Risk Margin ensures that the technical provisions are equal to the amounts required to meet insurance obligations. The risk margin is calculated as the amount of capital needed to support the solvency capital requirement over the lifetime of the business at a prescribed cost of capital rate. In the calculation of the risk margin, future solvency capital requirements are estimated using appropriate risk drivers for each individual solvency capital requirement.

C. Gross Technical Provisions (calculated as a whole)

Gross Technical Provisions (calculated as a whole) consist of the unit-linked liability and other reserves relating to policyholders. The unit-linked liability is equal to the value of policyholder units plus the value of loyalty bonus units multiplied by the relevant fund valuation price at the valuation date. All of the unit-linked liability was matched by unit-linked assets at 31 December 2025.

D. Recoverable from reinsurance contracts and special purpose vehicles

The Group reinsures mortality and morbidity risk on a proportional basis with a maximum retention per life. It is split between two reinsurance counterparties depending on the type of cover. The reinsurance recoverable is the excess of projected future reinsurance recoveries over projected future reinsurance premiums payable.

The Group did not hold any investments in special purpose vehicles at 31 December 2025.

Uncertainty associated with the value of technical provisions

The key sources of uncertainty for the Group are future lapse rates, mortality rates, morbidity rates, interest rates and expense rates. A robust assumption setting process is followed to ensure the uncertainty is well understood.

Solvency II and FRS valuation differences of Technical Provisions by material line of business.

The table below compares the Solvency II valuation of gross technical provisions with the Irish GAAP valuation of technical provisions, split by line of business, at 31 December 2025.

	2025			2024		
	Irish GAAP Value	Solvency II Value	Variance	Irish GAAP Value	Solvency II Value	Variance
Valuation differences of Technical Provisions	€'000	€'000	€'000	€'000	€'000	€'000
Unit-linked technical provisions	150,347	1,311,065	(1,160,718)	144,243	1,208,486	(1,064,243)
Non-unit linked technical provisions	28,547	(3,793)	32,340	28,228	(3,560)	31,788
Investment contract liabilities	1,200,768	0	1,200,768	1,097,706	0	1,097,706
Total technical provisions	1,379,662	1,307,272	72,390	1,270,177	1,204,925	65,252

The main differences between the Solvency II and Financial Statement Technical Provisions are as follows:

- Solvency II technical provisions include unit-linked liabilities in respect of both insurance and investment contracts. Financial Statements technical provisions include unit-linked liabilities in respect of insurance contracts only. Unit linked liabilities in respect of investment contracts are classified as investment contract liabilities in the Financial Statements.
- Solvency II uses best estimate assumptions while the Financial Statements assumptions include margins for adverse deviation.
- The Solvency II technical provision policyholder fund unit-growth rate is specified by the relevant risk-free interest rate provided by EIOPA. In the Financial Statements the expected policyholder fund unit-growth rate is based on the expected return on the underlying assets in which our policyholder funds are invested, incorporating a margin for adverse deviation.
- The Solvency II technical provision discount rate is specified by the relevant risk-free interest rate provided by EIOPA. In the Financial Statements the discount rate is based on the expected return on the assets backing the technical provisions, incorporating a margin for adverse deviation.
- Solvency II permits negative technical provisions.
- Solvency II technical provisions include the risk margin.

The Group does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC. The Group does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC. The Group does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC. The Group does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other liabilities

As at 31 December 2025, the Group recorded the following classes of liabilities for the Solvency II Valuation and the Consolidated Financial Statements:

Other Liabilities	2025			2024		
	Irish GAAP Value €'000	Solvency II Value €'000	Variance €'000	Irish GAAP Value €'000	Solvency II Value €'000	Variance €'000
Deferred tax liabilities	632	5,877	(5,245)	279	5,313	(5,034)
Insurance and intermediaries payables	27,250	24,345	2,905	21,880	21,880	0
Reinsurance payables	640	0	640	19	0	19
Payables (trade, not insurance)	11,457	14,362	(2,905)	12,072	12,072	(0)
Any other liabilities, not elsewhere shown	18,754	0	18,754	20,054	0	20,054
Total other liabilities	58,733	44,584	14,149	54,303	39,264	15,039

Deferred tax liabilities recognised on the Consolidated Financial Statements relate to historic earned profits, on which the corporation tax liability has not yet fallen due. Deferred tax liabilities are higher under Solvency II reflecting the fact that the Group can take credit for future profits under Solvency II which are not allowed in the Financial Statements.

There is no difference between the Solvency II valuation and the Consolidated Financial Statements valuation for reinsurance payables, however they are classified differently on the balance sheets as described in section D.1.

A deferred income liability is recognised in the Consolidated Financial Statements but not recognised under the Solvency II framework.

All other liabilities are recognised and valued for Solvency II purposes on the same basis as the Financial Statements.

D.4 Alternative methods for valuation

The Group does not use any alternative valuation methods.

D.5 Any other information

We do not believe that there is any other information that needs to be disclosed.

E. CAPITAL MANAGEMENT

E.1 Own funds

The objective of own funds management is to maintain sufficient own funds to cover the MCR, SCR and Own Solvency Needs (OSN) requirements. Own funds are required to be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The solvency objective of the Group is to ensure that it maintains sufficient capital to meet its obligations to its policyholders and other stakeholders as liabilities fall due. The Group must hold an appropriate amount and quality of capital to meet regulatory requirements as well as additional capital relevant to its specific capital needs given its risk profile, financial condition, business model and strategy, overall complexity, sensitivity to changing conditions and other factors that may arise from time to time. A strong capital position enables the Group to continue to operate through periods of severe stress. The Group measures and calculates capital using the Standard Formula. The ratio of Own Funds to SCR is reviewed by the board and management committees on at least a quarterly basis. Responsibility for own funds management ultimately rests with the board. As part of own funds management, the Group prepares ongoing solvency projections and reviews the structure of own funds and future requirements. The annual ORSA contains a five-year projection of funding requirements under a range of scenarios.

An analysis of own funds is set out in the table below:

	2025	2024
	€'000	€'000
Ordinary share capital	6,835	6,835
Share premium account related to ordinary share capital	48,576	48,576
Reconciliation reserve	32,020	25,801
Total basic own funds	87,431	81,212

The Group's ordinary share capital, share premium arising on ordinary share capital, reconciliation reserve and capital contributions received are all available as unrestricted Tier 1 items. The ordinary share capital, share premium arising, and capital contributions are immediately available to absorb losses and are fully subordinated to all other claims in the event of winding-up. The reconciliation reserve equals the excess of assets over liabilities less other basic own fund items at the reporting date. The Group's Solvency II liabilities include negative technical provisions meaning that the own funds include an amount representing the expected future profits which will be generated from current fund values on unit-linked business and future premiums on non-unit-linked business.

There were no material changes to how capital was managed during 2025. A detailed exercise to define and document the capital management plan for the Group over the medium term 2026-2030 was carried out during 2025. A Strategic Solvency Target (SST) for the Group that is appropriate to its nature, scale, ownership structure and risk profile was also established. The ORSA model is a key part of the process of developing the capital management plan.

The SST was set in line with the stated appetite of the board to have solvency capital above SCR plus OSN capital immediately after the occurrence of the risk events modelled in the ORSA. The SST is the reference point for strategy setting and is reviewed annually as part of the ORSA process.

The Group's own funds are Tier 1 unrestricted and available to cover the SCR and MCR. All own funds available to cover the SCR are unrestricted and fully available to absorb losses. There are no material terms and conditions that need to be disclosed.

The difference between equity as shown in the Consolidated Financial Statements and the Solvency II excess of assets over liabilities comprises differences in the valuation of assets and liabilities, as set out in section D. Solvency II technical provisions are lower than in the Consolidated Financial Statements due to the use of best estimate rather than prudent assumptions.

The Group does not make use of ancillary own funds or transitional arrangements.

The Group paid no dividends during 2024. In 2025, a dividend of €1.5 million was paid from Acorn Life DAC to Tanis Limited. The Group has no plans to pay dividends in 2026.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The table below sets out the total SCR and MCR at 31 December 2025:

	2025	2024
	€'000	€'000
SCR	54,795	50,176
MCR	13,699	12,544

The required capital has been calculated based on the standard formula for Solvency II. The solvency and minimum capital requirements were always complied with during the year. The following table shows the inputs into SCR calculation as at 31 December 2025:

	2025	2024
	€'000	€'000
Operational risk	1,561	1,485
Market risk	36,759	29,639
Underwriting risk	35,937	36,694
Counterparty risk	4,657	3,976
Diversification benefit	(18,241)	(16,305)
SCR gross of tax relief	60,672	55,489
Tax relief on SCR stresses	(5,877)	(5,313)
SCR net of tax relief	54,795	50,176

The table below shows the inputs into the MCR calculation as at 31 December 2025:

	2025	2024
	€'000	€'000
Absolute Floor	4,000	4,000
Linear MCR	11,001	10,252
SCR	54,795	50,176
Combined MCR	11,001	10,252
MCR	13,699	12,544

Approximations

In order to perform the SCR calculation as efficiently as possible at 31 December 2025, some approximations were necessary in the calculation of the market risk and underwriting risk SCR. We are satisfied that the use of approximations at 31 December 2025 did not materially impact the SCR calculation.

Loss Absorbing Capacity of Deferred Tax (LACDT)

LACDT under the Solvency II standard formula allows the Group to reflect the fact that a future loss in profits may also result in a reduction in associated tax liabilities. A reduction in tax liabilities would also reduce the impact that a future loss would have on future own funds. In practice this means that for the purposes of calculating its SCR, the Group can reduce its gross SCR by deferred tax relief on SCR stresses. The Group's policy is to provide for a deferred tax liability in respect of its Solvency II Technical Provisions as well as timing differences related to the taxation of past profits when calculating its eligible own funds at each balance sheet date. The Group's policy is to recognise Deferred Tax Assets because of unused tax losses only to the extent that it is probable that they will be recovered against future taxable profits. The Group does not have a Deferred Tax Asset. The Group's policy in relation to LACDT is to restrict the tax related reduction to Gross SCR under the standard formula to the amount of the net deferred tax liability on the balance sheet on the basis that it cannot justify loss absorbing capacity from other sources.

Material movements in MCR and SCR

The SCR and MCR both increased over the period. The primary reason for these movements is investment market performance and the capital strain related to new business during the year.

E.3 Use of the duration-based equity risk submodule in the calculation of the SCR

The Group does not use the duration-based equity risk submodule in the calculation of the SCR so this section is not relevant.

E.4 Difference between the standard formula and any internal model used

The Group does not use an internal model, partial internal model or undertaking specific parameters so this section is not relevant.

E.5 Non-compliance with the MCR and non-compliance with the SCR

The Group was always compliant with the MCR and SCR requirements during 2025.

E.6 Any other information

We do not believe that there is any other information that needs to be disclosed.

Appendix A: Public QRTs

Annex I
S.02.01.02
Balance sheet

	Solvency II value	
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	2,764
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	67,633
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	67,514
Equities - listed	R0110	0
Equities - unlisted	R0120	67,514
Bonds	R0130	119
Government Bonds	R0140	0
Corporate Bonds	R0150	119
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	0
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	1,350,597
Loans and mortgages	R0230	3,149
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	3,149
Reinsurance recoverables from:	R0270	-278
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-1,920
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	-1,920
Life index-linked and unit-linked	R0340	1,642
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	673
Reinsurance receivables	R0370	9,096
Receivables (trade, not insurance)	R0380	1,078
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	4,575
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	1,439,288

	Solvency II value
	C 0010
Liabilities	
Technical provisions – non-life	R0510 0
Technical provisions – non-life (excluding health)	R0520 0
TP calculated as a whole	R0530 0
Best Estimate	R0540 0
Risk margin	R0550 0
Technical provisions - health (similar to non-life)	R0560 0
TP calculated as a whole	R0570 0
Best Estimate	R0580 0
Risk margin	R0590 0
Technical provisions - life (excluding index-linked and unit-linked)	R0600 -3.793
Technical provisions - health (similar to life)	R0610 0
TP calculated as a whole	R0620 0
Best Estimate	R0630 0
Risk margin	R0640 0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650 -3.793
TP calculated as a whole	R0660 0
Best Estimate	R0670 -4.167
Risk margin	R0680 374
Technical provisions – index-linked and unit-linked	R0690 1.311.065
TP calculated as a whole	R0700 1.354.580
Best Estimate	R0710 -56.172
Risk margin	R0720 12.656
Contingent liabilities	R0740 0
Provisions other than technical provisions	R0750 0
Pension benefit obligations	R0760 0
Deposits from reinsurers	R0770 0
Deferred tax liabilities	R0780 5.877
Derivatives	R0790 0
Debts owed to credit institutions	R0800 0
Financial liabilities other than debts owed to credit institutions	R0810 0
Insurance & intermediaries payables	R0820 24.345
Reinsurance payables	R0830 0
Payables (trade, not insurance)	R0840 14.362
Subordinated liabilities	R0850 0
Subordinated liabilities not in BOF	R0860 0
Subordinated liabilities in BOF	R0870 0
Any other liabilities, not elsewhere shown	R0880 0
Total liabilities	R0900 1.351.856
Excess of assets over liabilities	R1000 87.431

S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
Premiums written										
Gross	R1410	0	0	187,625	1,146	0	0	0	0	188,771
Reinsurers' share	R1420	0	0	11,996	506	0	0	0	0	12,501
Net	R1500	0	0	175,629	641	0	0	0	0	176,270
Premiums earned										
Gross	R1510	0	0	187,625	1,146	0	0	0	0	188,771
Reinsurers' share	R1520	0	0	11,996	506	0	0	0	0	12,501
Net	R1600	0	0	175,629	641	0	0	0	0	176,270
Claims incurred										
Gross	R1610	0	0	137,538	0	0	0	0	0	137,538
Reinsurers' share	R1620	0	0	12,573	0	0	0	0	0	12,573
Net	R1700	0	0	124,966	0	0	0	0	0	124,966
Changes in other technical provisions										
Gross	R1710	0	0	0	0	0	0	0	0	0
Reinsurers' share	R1720	0	0	0	0	0	0	0	0	0
Net	R1800	0	0	0	0	0	0	0	0	0
Expenses incurred	R1900	0	0	29,072	51	0	0	0	0	29,123
Other expenses	R2500									0
Total expenses	R2600									29,123

S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	188,771	0	0	0	0	0	188,771
Reinsurers' share	R1420	12,501	0	0	0	0	0	12,501
Net	R1500	176,270	0	0	0	0	0	176,270
Premiums earned								
Gross	R1510	188,771	0	0	0	0	0	188,771
Reinsurers' share	R1520	12,501	0	0	0	0	0	12,501
Net	R1600	176,270	0	0	0	0	0	176,270
Claims incurred								
Gross	R1610	137,538	0	0	0	0	0	137,538
Reinsurers' share	R1620	12,573	0	0	0	0	0	12,573
Net	R1700	124,966	0	0	0	0	0	124,966
Changes in other technical provisions								
Gross	R1710	0	0	0	0	0	0	0
Reinsurers' share	R1720	0	0	0	0	0	0	0
Net	R1800	0	0	0	0	0	0	0
Expenses incurred	R1900	29,123	0	0	0	0	0	29,123
Other expenses	R2500	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	0
Total expenses	R2600	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	29,123

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0080	C0090
Market risk	R0010	36.759	0
Counterparty default risk	R0020	4.657	0
Life underwriting risk	R0030	35.937	0
Health underwriting risk	R0040	0	0
Non-life underwriting risk	R0050	0	0
Diversification	R0060	-18.241	0
Intangible asset risk	R0070	0	0
Basic Solvency Capital Requirement	R0100	59.112	0
Calculation of Solvency Capital Requirement	C0100		
Operational risk	R0130	1.561	0
Loss-absorbing capacity of technical provisions	R0140	0	0
Loss-absorbing capacity of deferred taxes	R0150	-5.877	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0	0
Solvency capital requirement excluding capital add-on	R0200	54.795	0
Capital add-on already set	R0210	0	0
Solvency capital requirement	R0220	54.795	0
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400	0	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0	0
Minimum consolidated group solvency capital requirement	R0470	13.699	0
Information on other entities			
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	0	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	0	0
Capital requirement for non-controlled participation requirements	R0540	0	0
Capital requirement for residual undertakings	R0550	0	0
Overall SCR			
SCR for undertakings included via D and A	R0560	0	0
Solvency capital requirement	R0570	54.795	0

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
IE	835400NDPDLB7KJWFG98	1 - LEI	ACORN LIFE	1 - Life insurance undertaking	SA	2 - Non-mutual	CBI
IE	ACORN_BROKERAGE	2 - Specific code	ACORN_BROKERAGE	2 - Non life insurance undertaking	SA	2 - Non-mutual	CBI
IE	835400DCLRXC8IP7B175	1 - LEI	ACORN LIFE GROUP	5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	SA	2 - Non-mutual	CBI
IE	ORCAN	2 - Specific code	ORCAN	99 - Other	SA	2 - Non-mutual	NONE
GB	TANIS	2 - Specific code	TANIS	99 - Other	SA	2 - Non-mutual	NONE
IE	Acom Master Trustee DAC	2 - Specific code	Acom Master Trustee DAC	99 - Other	SA	2 - Non-mutual	NONE

Legal name of the undertaking	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportion of share used for group solvency	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
ACORN LIFE	100%	100%	100%	AAA	1 - Dominant	100%	1 - Included in the scope	2014-01-01	1 - Method 1: Full consolidation
ACORN_BROKERAGE	100%	100%	100%	AAA	1 - Dominant	100%	1 - Included in the scope	2014-01-01	1 - Method 1: Full consolidation
ACORN LIFE GROUP	100%	100%	100%	AAA	2 - Significant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
ORCAN	100%	100%	100%	AAA	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
TANIS	100%	100%	100%	AAA	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
Acom Master Trustee D.	100%	100%	100%	AAA	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation