

For Immediate Release

CNO Financial Group Reports First Quarter 2025 Results

Solid start to 2025; Continuing track record of growth and improved profitability

Carmel, Ind., April 28, 2025 - CNO Financial Group, Inc. (NYSE: CNO) today reported net income of \$13.7 million, or \$0.13 per diluted share, in 1Q25 compared to \$112.3 million or \$1.01 per diluted share, in 1Q24. Non-economic accounting impacts due to market volatility reduced net income in 1Q25 and increased it in 1Q24. Net operating income,⁽¹⁾ which excludes these non-economic accounting impacts, was \$81.1 million, or \$0.79 per diluted share, in 1Q25 compared to \$57.5 million, or \$0.52 per diluted share, in 1Q24. Significant items⁽⁶⁾ positively impacted both net income and net operating income⁽¹⁾ by \$5.3 million, or \$0.05 per diluted share, in 1Q25.

“Our first quarter results enable us to reaffirm our full-year 2025 and three-year return on equity guidance,” said Gary C. Bhojwani, chief executive officer. “CNO is off to a solid start to the year, building on our strong 2024 performance. Operating earnings per share excluding significant items were up 42% for the quarter, reinforcing our commitment to grow earnings while improving profitability.”

“Most importantly, the core areas of our business continue to perform well, including production, agent force metrics, policyholder persistency, underwriting margin, capital management, and overall investment management. While visibility into macroeconomic drivers—such as interest rates—is deteriorating, our track record demonstrates the resilience of our differentiated business model and our ability to navigate volatility. Demographic tailwinds are in our favor. We remain confident in our capabilities to deliver growth and improve profitability.”

First Quarter 2025 Highlights (as compared to the corresponding period in the prior year unless otherwise stated)

- Reaffirm full-year 2025 and three-year return on equity ("ROE") guidance
- Annuity collected premiums up 12%; Client assets in brokerage and advisory up 16%
- Consumer Division Health new annualized premiums ("NAP")⁽⁴⁾ up 9%; Medicare Supplement NAP up 24%
- Worksite Division NAP up 11%; Producing agent count up 8%
- Returned \$116.8 million to shareholders
- Book value per share was \$25.33; Book value per diluted share, excluding accumulated other comprehensive loss,⁽²⁾ was \$37.03, up 6%
- ROE of 12.1%; Operating ROE⁽⁵⁾ of 12.6%

FINANCIAL SUMMARY

Quarter End

(Amounts in millions, except per share data)
(Unaudited)

Net operating income, a non-GAAP^(a) financial measure, is used consistently by CNO's management to evaluate the operating performance of the Company and is a measure commonly used in the life insurance industry. It differs from net income primarily because it excludes certain non-operating items as defined in note (1). Management believes an analysis of net operating income is important in understanding the profitability and operating trends of the Company's business. Net income is the most directly comparable GAAP measure.

	Per diluted share			Quarter ended		
	Quarter ended			March 31,		
	2025	2024	% change	2025	2024	% change
Income from insurance products ^(b)	0.85	\$ 0.61	39	\$ 87.7	\$ 68.0	29
Fee income	(0.01)	0.10	(110)	(0.8)	11.3	(107)
Investment income not allocated to product lines ^(c)	0.37	0.11	236	38.0	12.3	209
Expenses not allocated to product lines	(0.20)	(0.15)	33	(20.3)	(16.8)	21
Operating earnings before taxes	1.01	0.67		104.6	74.8	
Income tax expense on operating income	(0.23)	(0.15)	53	(23.5)	(17.3)	36
Net operating income (1)	0.79	0.52	52	81.1	57.5	41
Net realized investment losses from sales, impairments and change in allowance for credit losses	(0.13)	(0.04)		(13.2)	(4.6)	
Net change in market value of investments recognized in earnings	0.06	0.11		6.4	12.4	
Changes in fair value of embedded derivative liabilities and market risk benefits	(0.77)	0.57		(79.7)	64.0	
Other	—	—		(0.4)	(0.4)	
Non-operating income (loss) before taxes	(0.84)	0.64		(86.9)	71.4	
Income tax benefit (expense) on non-operating income	0.19	(0.15)		19.5	(16.6)	
Net non-operating income (loss)	(0.65)	0.49		(67.4)	54.8	
Net income	\$ 0.13	\$ 1.01		\$ 13.7	\$ 112.3	
Weighted average diluted shares outstanding	103.1	110.8				

(a) GAAP is defined as accounting principles generally accepted in the United States of America.

(b) Income from insurance products is the sum of the insurance margins of the annuity, health and life product lines, less expenses allocated to the insurance product lines. It excludes the income from our fee income business, investment income not allocated to product lines, net expenses not allocated to product lines (primarily holding company expenses) and income taxes. Insurance margin is management's measure of the profitability of its annuity, health and life segments' performance and consists of insurance policy income plus allocated investment income less insurance policy benefits, interest credited, commissions, advertising expense and amortization of acquisition costs.

(c) Investment income not allocated to product lines represents net investment income less: (i) equity returns credited to policyholder account balances; (ii) the investment income allocated to our product lines; (iii) interest expense on notes payable, investment borrowings and financing arrangements; (iv) expenses related to the funding agreement-backed notes ("FABN") program; and (v) certain expenses related to benefit plans that are offset by special-purpose investment income; plus (vi) the impact of annual option forfeitures related to fixed indexed annuity surrenders. Investment income not allocated to product lines includes investment income on investments in excess of amounts allocated to product lines, investments held by our holding companies, the spread we earn from our federal home loan bank ("FHLB") investment borrowing and FABN programs and variable components of investment income (including call and prepayment income, adjustments to returns on structured securities due to cash flow changes, income (loss) from company-owned life insurance ("COLI") and alternative investments income not allocated to product lines), net of interest expense on corporate debt and financing arrangements.

FINANCIAL SUMMARY (continued)

Management vs. GAAP Measures

(Dollars in millions, except per share data)

(Unaudited)

Shareholders' equity, excluding accumulated other comprehensive income (loss), and book value per share, excluding accumulated other comprehensive income (loss), are non-GAAP measures that are utilized by management to view the business without the effect of accumulated other comprehensive income (loss) which is primarily attributable to fluctuations in interest rates associated with fixed maturities, available for sale. Management views the business in this manner because the Company has the ability and generally, the intent, to hold investments to maturity and meaningful trends can be more easily identified without the fluctuations. In addition, shareholders' equity excludes net operating loss carryforwards in our non-GAAP return on equity measures as such assets are not discounted and, accordingly, will not provide a return to shareholders until after it is realized as a reduction to taxes that would otherwise be paid. Management believes that excluding this value from the equity component of this measure enhances the understanding of the effect these non-discounted assets have on operating returns.

	Quarter ended	
	March 31,	
	2025	2024
Trailing four quarters:		
Net Income	\$ 305.4	\$ 389.6
Net operating income (a non-GAAP financial measure)	452.9	355.0
Net operating income, excluding significant items	428.8	311.7
Average of each of the trailing four quarters average:		
Shareholders' equity	\$ 2,516.0	\$ 2,075.3
Accumulated other comprehensive loss	1,327.9	1,709.8
Shareholders' equity, excluding accumulated other comprehensive loss	3,843.9	3,785.1
Net operating loss carryforwards	(237.6)	(135.1)
Shareholders' equity, excluding accumulated other comprehensive loss and net operating loss carryforwards	<u>\$ 3,606.3</u>	<u>\$ 3,650.0</u>
Ratios:		
Return on equity	12.1 %	18.8 %
Operating return on equity (a non-GAAP financial measure) ⁽⁵⁾	12.6 %	9.7 %
Operating return on equity, excluding significant items (a non-GAAP financial measure) ⁽⁵⁾	11.9 %	8.5 %
Shareholders' equity	\$ 2,530.5	\$ 2,367.7
Accumulated other comprehensive loss	1,239.1	1,480.3
Shareholders' equity, excluding accumulated other comprehensive loss	<u>3,769.6</u>	<u>3,848.0</u>
Basic shares outstanding	99,893,923	108,568,594
Diluted shares outstanding	101,796,131	110,036,495
Book value per share	\$ 25.33	\$ 21.81
Book value per diluted share	\$ 24.86	\$ 21.52
Accumulated other comprehensive loss per diluted share	12.17	13.45
Book value per diluted share, excluding accumulated other comprehensive loss (a non-GAAP financial measure) ⁽²⁾	<u>\$ 37.03</u>	<u>\$ 34.97</u>

Non-Operating Items

Net investment losses in 1Q25 were \$13.2 million, including the unfavorable change in the allowance for credit losses of \$9.6 million. Net investment losses in 1Q24 were \$(4.6) million, including the favorable change in the allowance for credit losses of \$1.5 million.

During 1Q25 and 1Q24, we recognized an increase in earnings of \$6.4 million and \$12.4 million, respectively, due to the net change in market value of investments.

During 1Q25 and 1Q24, we recognized an increase (decrease) in earnings of \$(79.7) million and \$64.0 million, respectively, resulting from changes in the estimated fair value of embedded derivative liabilities and market risk benefits related to our fixed indexed annuities. Such amounts include the impacts of changes in market interest rates and equity impacts used to determine the estimated fair values of the embedded derivatives and market risk benefits.

INVESTMENT PORTFOLIO

(Dollars in millions)

Fixed maturities, available for sale, at amortized cost by asset class as of March 31, 2025 are as follows:

	Investment grade	Below investment grade	Total
Corporate securities	13,299.1	\$ 642.9	\$ 13,942.0
Certificates of deposit	470.0	—	470.0
United States Treasury securities and obligations of the United States government and agencies	216.3	—	216.3
States and political subdivisions	3,274.1	23.5	3,297.6
Foreign governments	109.0	—	109.0
Asset-backed securities	1,524.5	101.2	1,625.7
Agency residential mortgage-backed securities	812.1	—	812.1
Non-agency residential mortgage-backed securities	1,296.6	368.4 (a)	1,665.0
Collateralized loan obligations	1,009.2	—	1,009.2
Commercial mortgage-backed securities	2,230.0	94.2	2,324.2
Total	<u>\$ 24,240.9</u>	<u>\$ 1,230.2</u>	<u>\$ 25,471.1</u>

(a) Certain structured securities rated below investment grade by Nationally Recognized Statistical Rating Organizations may be assigned a NAIC 1 or NAIC 2 designation based on the cost basis of the security relative to estimated recoverable amounts as determined by the National Association of Insurance Commissioners (NAIC).

The fair value of CNO's available for sale fixed maturity portfolio was \$23.3 billion compared with an amortized cost of \$25.5 billion. Net unrealized losses were comprised of gross unrealized gains of \$164.5 million and gross unrealized losses of \$2.3 billion. The allowance for credit losses was \$38.9 million at March 31, 2025.

Statutory (based on non-GAAP measures) and GAAP Capital Information

The consolidated statutory risk-based capital ratio of our U.S. based insurance subsidiaries was estimated at 379% at March 31, 2025, reflecting estimated 1Q25 statutory operating earnings of \$13.5 million and the payment of insurance company dividends (net of capital contributions) to the holding company of \$8.9 million during 1Q25.

During 1Q25, we repurchased \$99.9 million of common stock under our securities repurchase program (including \$1.9 million of repurchases settled in 2Q25). We repurchased 2.5 million common shares at an average cost of \$40.24 per share. As of March 31, 2025, we had 99.9 million shares outstanding and had authority to repurchase up to an additional \$640.4 million of our common stock. During 1Q25, dividends paid on common stock totaled \$16.9 million.

Unrestricted cash and investments held by our holding company were \$250.3 million at March 31, 2025 compared to \$372.5 million at December 31, 2024. In addition, the holding company has invested \$500.0 million of the proceeds from the previously announced May 2024 issuance of \$700.0 million of 6.450% senior notes due 2034 (the "2034 Notes") primarily into certificates of deposit, which are expected to be used for the repayment of \$500.0 million of 5.250% senior notes due May 2025 (the "2025 Notes").

Book value per common share was \$25.33 at March 31, 2025 compared to \$24.59 at December 31, 2024. Book value per diluted share, excluding accumulated other comprehensive income (loss)⁽²⁾, was \$37.03 at March 31, 2025 compared to \$37.19 at December 31, 2024.

The debt-to-capital ratio was 42.0% and 42.3% at March 31, 2025 and December 31, 2024, respectively. Our debt-to-total capital ratio, excluding accumulated other comprehensive income (loss)⁽³⁾, was 32.7% and 32.1% at March 31, 2025 and

December 31, 2024, respectively. Such ratios reflect the issuance of the 2034 Notes in May 2024. At March 31, 2025, adjusting for the expected repayment of the 2025 Notes, the debt-to-total capital ratio would have been 34.5% and the debt-to-total capital ratio, excluding accumulated other comprehensive income (loss), would have been 26.1%.

Return on equity for the trailing four quarters ended March 31, 2025 and 2024 was 12.1% and 18.8%, respectively. Operating return on equity, excluding significant items⁽⁵⁾, for the trailing four quarters ended March 31, 2025 and 2024 was 11.9% and 8.5%, respectively.

In this news release, CNO includes non-GAAP measures to enhance investors' understanding of management's view of the business. The non-GAAP measures are not a substitute for GAAP, but rather a supplement to increase transparency by providing a broader perspective. CNO's definitions of non-GAAP measures may differ from other companies' definitions. More detailed information including various GAAP and non-GAAP measurements are located at [CNOinc.com](https://www.cno.com) in the Investors section under SEC Filings.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

This press release may contain forward-looking statements within the meaning of federal securities laws. These prospective statements reflect management's current expectations, but are not guarantees of future performance. Accordingly, please refer to CNO's cautionary statement regarding forward-looking statements, and the business environment in which the Company operates, contained in the Company's Form 10-K for the year ended December 31, 2024 and any subsequent Form 10-Q or Form 10-K on file with the Securities and Exchange Commission and on the Company's website at [CNOinc.com](https://www.cno.com) in the Investors section. CNO specifically disclaims any obligation to update or revise any forward-looking statement because of new information, future developments or otherwise.

EARNINGS RELEASE CONFERENCE CALL WEBCAST:

The Company will host a conference call to discuss results on April 29, 2025 at 11:00 a.m. Eastern Time. During the call, we will be referring to a presentation that will be available at the Investors section of the company's website.

To participate by dial-in, please register at <https://www.netroadshow.com/events/login?show=61afe4fc&confId=79513>. Upon registering, you will be provided with call details and a registrant ID used to track attendance on the conference call. Reminders will also be sent to registered participants via email.

For those investors who prefer to listen to the call online, we will be broadcasting the call live via webcast. The event can be accessed through the Investors section of the company's website: [ir.CNOinc.com](https://www.cno.com). Participants should go to the website at least 15 minutes before the event to register and download any necessary audio software.

ABOUT CNO FINANCIAL GROUP

CNO Financial Group, Inc. (NYSE: CNO) secures the future of middle-income America. CNO provides life and health insurance, annuities, financial services, and workforce benefits solutions through our family of brands, including Bankers Life, Colonial Penn, Optavise and Washington National. Our customers work hard to save for the future, and we help protect their health, income, and retirement needs with 3.2 million policies and \$37.4 billion in total assets. Our 3,400 associates, 4,800 exclusive agents and more than 5,500 independent partner agents guide individuals, families, and businesses through a lifetime of financial decisions. For more information, visit [CNOinc.com](https://www.cno.com).

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in millions, except per share data)
(unaudited)

	Three months ended	
	March 31,	
	2025	2024
Revenues:		
Insurance policy income	\$ 650.7	\$ 628.4
Net investment income:		
General account assets	375.1	301.9
Policyholder and other special-purpose portfolios	(63.6)	167.3
Investment gains (losses):		
Realized investment losses	(3.8)	(10.0)
Other investment gains (losses)	(3.0)	17.8
Total investment gains (losses)	(6.8)	7.8
Fee revenue and other income	48.7	51.1
Total revenues	1,004.1	1,156.5
Benefits and expenses:		
Insurance policy benefits	580.1	636.6
Liability for future policy benefits remeasurement (gain) loss	(12.2)	(6.4)
Change in fair value of market risk benefits	15.3	(18.9)
Interest expense	62.0	60.2
Amortization of deferred acquisition costs and present value of future profits	67.4	60.5
Loss on extinguishment of borrowings related to variable interest entities	(1.5)	—
Other operating costs and expenses	275.3	278.3
Total benefits and expenses	986.4	1,010.3
Income before income taxes	17.7	146.2
Income tax expense	4.0	33.9
Net income	\$ 13.7	\$ 112.3
Earnings per common share:		
Basic:		
Weighted average shares outstanding	100,743,000	108,964,000
Net income	\$ 0.14	\$ 1.03
Diluted:		
Weighted average shares outstanding	103,070,000	110,845,000
Net income	\$ 0.13	\$ 1.01

NOTES

- (1) Management believes that an analysis of net income applicable to common stock before: (i) net realized investment gains or losses from sales, impairments and the change in allowance for credit losses, net of taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) changes in fair value of embedded derivative liabilities and market risk benefits related to our fixed indexed annuities, net of taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) gains or losses related to material reinsurance transactions, net of taxes; (vi) loss on extinguishment of debt, net of taxes; (vii) changes in the valuation allowance for deferred tax assets and other tax items; and (viii) other non-operating items including earnings attributable to variable interest entities, net of taxes ("net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the company's underlying fundamentals. A reconciliation of net operating income to net income applicable to common stock is provided in the table on page 2. Additional information concerning this non-GAAP measure is included in our periodic filings with the Securities and Exchange Commission that are available on CNO's website, CNOinc.com, in the Investors section under SEC Filings.
- (2) Book value per diluted share reflects the potential dilution that could occur if outstanding stock options were exercised and restricted stock and performance units were vested. The dilution from options, restricted shares and performance units is calculated using the treasury stock method. Under this method, we assume the proceeds from the exercise of the options

(or the unrecognized compensation expense with respect to restricted stock and performance units) will be used to purchase shares of our common stock at the closing market price on the last day of the period. In addition, the calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments.

- (3) The calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments.
- (4) Measured by new annualized premiums for life and health products, which includes 10% of single premium whole life deposits and 100% of all other premiums (excluding annuities). Sales of third-party products are excluded.
- (5) Operating return on equity and operating return on equity, excluding significant items are calculated as follows: (i) operating return on equity is equal to the trailing four quarters of net operating income⁽¹⁾ divided by average shareholders' equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards, for the trailing four quarters; and (ii) operating return on equity, excluding significant items is equal to the trailing four quarters of net operating income⁽¹⁾, excluding significant items, divided by average shareholders' equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards, for the trailing four quarters.

The following summarizes: (i) net operating income; (ii) significant items; (iii) net operating income, excluding significant items; and (iv) net income (loss) (dollars in millions):

	Net operating income	Significant items	Net operating income, excluding significant items (a)	Net operating income, excluding significant items - trailing four quarters	Net income (loss)	Net income - trailing four quarters
2Q23	\$ 62.3	\$ —	\$ 62.3	\$ 281.2	\$ 73.7	\$ 286.8
3Q23	101.3	(16.9) (b)	84.4	287.7	167.3	278.2
4Q23	133.9	(26.4) (c)	107.5	312.8	36.3	276.5
1Q24	57.5	—	57.5	311.7	112.3	389.6
2Q24	114.6	—	114.6	364.0	116.3	432.2
3Q24	119.2	(21.9) (d)	97.3	376.9	9.3	274.2
4Q24	138.0	3.1 (e)	141.1	410.5	166.1	404.0
1Q25	81.1	(5.3) (f)	75.8	428.8	13.7	305.4

(a) See note (6) for additional information.

(b) Comprised of \$21.7 million of legal recoveries, net of expenses and increased legal accruals, net of tax expense of \$4.8 million.

(c) Comprised of \$33.9 million of the net favorable impact arising from our comprehensive annual actuarial review, net of tax expense of \$7.5 million.

(d) Comprised of \$31.2 million of the net favorable impact arising from our comprehensive annual actuarial review and \$2.9 million of the unfavorable impact related to a fixed asset impairment, net of tax expense of \$6.4 million.

(e) Comprised of \$3.9 million of the unfavorable impact arising from our comprehensive annual actuarial review, net of tax expense of \$0.8 million.

(f) Comprised of \$6.8 million of the favorable impact of an out-of-period adjustment which decreased reserves, net of tax expense of \$1.5 million.

A reconciliation of pre-tax operating earnings (a non-GAAP financial measure) to net income is as follows (dollars in millions):

	Trailing four quarters	
	1Q25	1Q24
Pre-tax operating earnings (a non-GAAP financial measure)	\$ 580.6	\$ 457.9
Income tax expense	(127.7)	(102.9)
Net operating income	452.9	355.0
Non-operating items:		
Net realized investment losses from sales, impairments and change in allowance for credit losses	(81.3)	(54.6)
Net change in market value of investments recognized in earnings	16.8	8.0
Changes in fair value of embedded derivative liabilities and market risk benefits	(119.0)	99.2
Fair value changes related to the agent deferred compensation plan	6.6	(3.5)
Other	(13.9)	(3.0)
Non-operating loss before taxes	(190.8)	46.1
Income tax benefit on non-operating loss	43.3	(11.5)
Net non-operating loss	(147.5)	34.6
Net income	\$ 305.4	\$ 389.6

A reconciliation of consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) to common shareholders' equity, is as follows (dollars in millions):

	1Q23	2Q23	3Q23	4Q23
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,543.8	\$ 3,603.0	\$ 3,744.2	\$ 3,712.8
Net operating loss carryforwards	152.4	126.3	102.6	79.6
Accumulated other comprehensive loss	(1,664.4)	(1,733.5)	(1,956.7)	(1,576.8)
Common shareholders' equity	<u>\$ 2,031.8</u>	<u>\$ 1,995.8</u>	<u>\$ 1,890.1</u>	<u>\$ 2,215.6</u>
	1Q24	2Q24	3Q24	4Q24
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,536.8	\$ 3,596.7	\$ 3,529.9	\$ 3,793.2
Net operating loss carryforwards	311.2	296.5	273.9	76.6
Accumulated other comprehensive loss	(1,480.3)	(1,464.3)	(1,116.0)	(1,371.4)
Common shareholders' equity	<u>\$ 2,367.7</u>	<u>\$ 2,428.9</u>	<u>\$ 2,687.8</u>	<u>\$ 2,498.4</u>
	1Q25			
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,474.3			
Net operating loss carryforwards	295.3			
Accumulated other comprehensive loss	(1,239.1)			
Common shareholders' equity	<u>\$ 2,530.5</u>			

A reconciliation of consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) to common shareholders' equity, is as follows (dollars in millions):

	Trailing four quarter average	
	1Q25	1Q24
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,606.3	\$ 3,650.0
Net operating loss carryforwards	237.6	135.1
Accumulated other comprehensive loss	(1,327.9)	(1,709.8)
Common shareholders' equity	<u>\$ 2,516.0</u>	<u>\$ 2,075.3</u>

- (6) The tables below summarize the financial impact of significant items on our net operating income for the three months ended March 31, 2025 and the quarters during the year ended December 31, 2024 that had significant items impacting our net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results (dollars in millions, except per share data).

	Three months ended March 31, 2025		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity margin	\$ 54.5	\$ —	\$ 54.5
Health margin	126.2	—	126.2
Life margin	68.2	(6.8) (a)	61.4
Total insurance product margin	248.9	(6.8)	242.1
Allocated expenses	(161.2)	—	(161.2)
Income from insurance products	87.7	(6.8)	80.9
Fee income	(0.8)	—	(0.8)
Investment income not allocated to product lines	38.0	—	38.0
Expenses not allocated to product lines	(20.3)	—	(20.3)
Operating earnings before taxes	104.6	(6.8)	97.8
Income tax (expense) benefit on operating income	(23.5)	1.5	(22.0)
Net operating income	<u>\$ 81.1</u>	<u>\$ (5.3)</u>	<u>\$ 75.8</u>
Net operating income per diluted share	<u>\$ 0.79</u>	<u>\$ (0.05)</u>	<u>\$ 0.74</u>

(a) Comprised of \$6.8 million of the favorable impact of an out-of-period adjustment which decreased reserves.

	Three months ended December 31, 2024		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity margin	\$ 55.0	\$ —	\$ 55.0
Health margin	130.1	3.9 (a)	134.0
Life margin	68.0	—	68.0
Total insurance product margin	253.1	3.9	257.0
Allocated expenses	(146.1)	—	(146.1)
Income from insurance products	107.0	3.9	110.9
Fee income	20.6	—	20.6
Investment income not allocated to product lines	65.3	—	65.3
Expenses not allocated to product lines	(19.0)	—	(19.0)
Operating earnings before taxes	173.9	3.9	177.8
Income tax (expense) benefit on operating income	(35.9)	(0.8)	(36.7)
Net operating income	<u>\$ 138.0</u>	<u>\$ 3.1</u>	<u>\$ 141.1</u>
Net operating income per diluted share	<u>\$ 1.31</u>	<u>\$ 0.03</u>	<u>\$ 1.34</u>

(a) Comprised of \$3.9 million of the unfavorable impact arising from our comprehensive annual actuarial review.

	Three months ended September 30, 2024		
	Actual results	Significant items (a)	Excluding significant items
Insurance product margin			
Annuity margin	\$ 91.1	\$ (36.2) (b)	\$ 54.9
Health margin	127.8	4.3 (b)	132.1
Life margin	63.3	0.7 (b)	64.0
Total insurance product margin	282.2	(31.2)	251.0
Allocated expenses	(153.0)	—	(153.0)
Income from insurance products	129.2	(31.2)	98.0
Fee income	(2.7)	—	(2.7)
Investment income not allocated to product lines	45.5	—	45.5
Expenses not allocated to product lines	(18.5)	2.9 (c)	(15.6)
Operating earnings before taxes	153.5	(28.3)	125.2
Income tax (expense) benefit on operating income	(34.3)	6.4	(27.9)
Net operating income	<u>\$ 119.2</u>	<u>\$ (21.9)</u>	<u>\$ 97.3</u>
Net operating income per diluted share	<u>\$ 1.11</u>	<u>\$ (0.19)</u>	<u>\$ 0.92</u>

- (a) Significant items impacting the health margin were revised from \$8.2 million reported in September 30, 2024 to \$4.3 million.
(b) Comprised of \$31.2 million of net favorable impact arising from our comprehensive annual actuarial review.
(c) Comprised of \$2.9 million of the unfavorable impact related to a fixed asset impairment.

For further information:

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