

## **Closed book Life & Pensions resolution**

### **Capita plc (Capita)**

Capita today announces that it has reached a transition agreement for the remaining two legacy evergreen closed book Life & Pensions contracts, with its last client, Royal London's legacy business.

The closed book Life & Pensions business<sup>1</sup>, which sits within the Group's Regulated Services segment (part of Capita Experience), has been a challenging part of the Group from which Capita has been actively seeking to exit. Since 2023, the Group has entered into a number of transition agreements for the other contracts within this business which are being migrated over the coming years.

Under the agreement, Capita will pay Royal London an initial payment of approximately Â£22.47m. The agreement provides an option, exercisable by either Royal London or Capita, for that initial payment to be settled through the issue to Royal London of 5,670,909 ordinary shares<sup>2</sup>, representing approximately c.4.96% of the Group's issued share capital. This option may be exercisable on or before the close of business on the fourth business day after the date of this announcement. If this option is exercised, the newly issued shares will be subject to customary lock-up arrangements during the migration period, which is expected to last five years.

Capita will also pay Royal London a further contribution towards its costs, consisting of three payments, each of Â£10m, on the first, second and third anniversary of the migration completion. The migration is expected to take five years, so these payments are expected to take place in 2031, 2032, 2033.

Under the agreement, the two contracts will migrate back to Royal London, with each party covering their own associated migration costs. Based on the migration costs related to this hand-back plan, alongside the progress made in transition agreements for other contracts in this business, we expect a free cash outflow of Â£20m per annum during the five year migration period (equating to Â£100m in total across the migration period), which is expected to be front-end loaded.

#### **Adolfo Hernandez, Chief Executive Officer, Capita said:**

“Resolving the challenges in the closed book Life & Pensions business was a key priority for 2025 and we are extremely pleased to have reached a settlement with Royal London to migrate the remaining two evergreen contracts within this business in a smooth and collaborative manner.

“This marks the completion of a key element of our “manage for value” strategy, eliminating a significant future annual cash outflow from the Group and enabling us to focus fully on areas where we can deliver sustainable value.”

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR"). Upon publication via a Regulatory Information Service, this inside information is now considered to be in the public domain.

#### **Notes:**

1. The closed book Life & Pensions business has now met the criteria to be treated as a business exit and from the year end its results will be excluded from the Group's adjusted results. To enable like-for-like comparison of adjusted results, the comparatives will be re-presented to also exclude the closed book Life & Pensions business.
2. Derived from the closing middle market price on 11 December 2025 of 396.25p.

#### **For more information, please contact:**

##### **Investor enquiries**

Helen Parris, Director of Investor Relations

Tel: 07720 169 269

Email: [IRteam@capita.co.uk](mailto:IRteam@capita.co.uk)

Stephanie Little, Head of Investor Relations

Tel: 07541 622 838

Email: [IRteam@capita.co.uk](mailto:IRteam@capita.co.uk)

##### **Media enquiries**

Capita external communications

Tel: 0207 654 2399

Email: [media@capita.co.uk](mailto:media@capita.co.uk)

##### **About Capita plc**

Capita is a modern outsourcer, helping clients across the public and private sectors run complex business processes more efficiently, creating better consumer experiences. Operating across eight countries, Capita's 34,000 colleagues support primarily UK and European clients with people-based services underpinned by market-leading technology. We play an integral role in society - our work matters to the lives of the millions of people who rely on us every day.

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