

OUTLOOK

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ECONOMIC OUTLOOK

Sri Lanka's economic outlook for 2025 signals a positive shift, creating opportunities for business expansion. The GDP is expected to grow by 5% in 2025 and 3.1% in 2026, supported by industrial growth, a resurgence in tourism, and increased remittances. Inflation, currently at -4%, is projected to stabilize at 5% by late 2025, ensuring a more predictable business environment. Fiscal reforms under the \$2.9 billion IMF bailout aim to reduce the budget deficit to 5.2% of GDP and increase public revenue to 15.1%, fostering economic stability. Improved infrastructure investments and policy reforms will enhance investor confidence, leading to new business opportunities. With a focus on sustainable economic recovery, businesses can leverage growing domestic demand, favourable trade conditions, and foreign investment inflows, making Sri Lanka an attractive hub for expansion and innovation. Achieving fiscal targets will be crucial in ensuring long-term growth and resilience in the business sector.

INDUSTRY OUTLOOK

As of 2025, Sri Lanka's life insurance industry is poised for significant growth, with significant 20% growth reached in 2024. The market's gross written premium reached LKR 183 billion (approximately USD 610 million) in 2024, reflecting increasing consumer awareness and demand for life insurance products. This upward trajectory is supported by a growing middle-class population and enhanced digital distribution channels, making insurance products more accessible. The industry's expansion is further bolstered by regulatory reforms aimed at increasing transparency and consumer trust, positioning Sri Lanka's life insurance sector for robust growth in the coming years.

FUTURE OF SOFTLOGIC LIFE

Our completed corporate planning cycle, which encompasses short- and medium-term strategies spanning from 2025 to 2027, has been meticulously designed to leverage the positive economic and industry

trends. Our strategies have been crafted, considering all pertinent market information available during the budget preparation phase. We have established robust strategies that consider the needs and expectations of all our stakeholders. Our commitment to incorporating feedback and insights from our stakeholders remains steadfast as we navigate the dynamic business landscape. With a solid foundation and a forward-thinking mindset, we are poised to seize opportunities and overcome challenges in the pursuit of sustained growth and success.

We have achieved over 20% ROE for shareholders over the past six years and plan to continue this trajectory in the short to medium term. Our focus will remain on innovation, efficiency, and leveraging positive economic trends to ensure continued success and profitability.

The contribution of employees has been significant to Softlogic Life's success, particularly in adding innovative aspects to the business. We expect rapid transformation in terms of mobilizing AI usage within the company, which will further strengthen innovation in the near future. As we embrace AI technologies, our teams will be empowered to streamline processes, enhance customer experiences, and develop new product offerings that meet the evolving needs of our clients. This strategic focus on leveraging AI will not only drive operational efficiency but also foster a culture of continuous improvement and creativity, ensuring that we remain at the forefront of the industry.

Sales staff play a crucial role in the success of our company. We aim to develop them to provide more professional service to our customers. Currently, we have a highly skilled sales team in the industry and plan to continue expanding our staff.

We prioritize our customers, a key aspect of our value creation cycle. We will introduce preventive healthcare solutions to keep customers

healthy, fostering strong bonds and sustainable relationships. Digitalization will enhance personalized services, ensuring customer satisfaction. By leveraging advanced technologies and data analytics, we provide tailored services, adapting to the changing needs of clients, and driving growth. Our customer-first approach ensures sustained success and lasting value for all customers.

Digitalization and innovation will be key to our future success. We anticipate gradual changes in how we interact, work, and provide value to customers, driven by the rapid adoption of new technologies. Strengthening our underwriting practices by integrating preventive healthcare and transitioning towards dynamic underwriting will be crucial. This approach will enhance customer experience, operational efficiency, and long-term growth. Embracing advanced technology and data analytics will allow us to refine our processes, ensuring we meet our clients' evolving needs while maintaining a competitive edge in the market.

The future strategies for value creation are detailed under each capital as listed below.

Capital	Page no
Financial Capital	110
Human Capital	118
Social and Relationship Capital	134
Intellectual Capital	155
Manufactured Capital	161
Natural Capital	164

Our risk assessment will be embedded with more sustainability and climate-related risks, which we expect to increase in the near future. With high digital adoption, cybersecurity will be a key risk to manage. We will ensure our compliance with regulations and best practices in terms of data protection, among others.