

REFLECTIONS FROM OUR CHAIRMAN



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ASHOK PATHIRAGE
Chairman



It is my pleasure to welcome you to the 27th Annual General Meeting of Softlogic Life Insurance PLC and to present the Company's Integrated Annual Report and Audited Financial Statements for the year ended 31 December 2025. This period represents a defining chapter in the evolution of Softlogic Life, marking the completion of a full business cycle under a renewed national context and within an industry that has regained confidence, stability and forward momentum.

The year's performance reflects not only exceptional financial outcomes, but also reinforced capital resilience, strategic expansion and the restoration of international investor confidence. Over the past four years, Softlogic Life has doubled its GWP, a testament to the scalability of our distribution network, technology infrastructure, and customer-centric strategy. Building on this momentum, 2025 marked another record breaking year with 27% year-on-year growth, while maintaining the underwriting discipline and capital strength that have become our hallmarks. Our performance this year serves as a powerful validation of our business model, delivering superior value to our shareholders while reinforcing our long-term financial stability.

A TRANSFORMATIONAL ACQUISITION

Among the most transformative events of 2025 was the 100% acquisition of Allianz Life Insurance Lanka Limited,

a landmark transaction that enhances scale, fortifies distribution and accelerates market share expansion. Allianz, globally recognised as a leading insurance brand, created a rare strategic opportunity by exiting the Sri Lankan market. Softlogic Life's consistent performance, deep local expertise, and enduring commitment to the domestic market positioned it as the natural custodian of Allianz's operations and customer relationships. The synergies from this acquisition are projected to be exponential: expanded salesforce strength, broader distribution reach, enhanced bancassurance capabilities, and deeper technical expertise, combined with AI-driven analytics across underwriting, claims and customer engagement. This integration will accelerate productivity per advisor, improve persistency, and bolster long-term profitability. Strategically, these developments position Softlogic Life to play a pivotal role in advancing the vision of the Insurance Regulatory Commission of Sri Lanka (IRCSL) to significantly increase the insurance penetration by 2030.

A YEAR OF POWERHOUSE RESULTS

Indeed, 2025 will be remembered as a year in which Softlogic Life firmly consolidated its position as a leading force in Sri Lanka's life insurance industry. Growth was deliberate, disciplined, and sustainable. On a Group basis, GWP reached Rs. 40 billion (2024: Rs. 31.6 billion), while Profit After Tax increased to Rs. 4.7 billion (2024: Rs. 4.5 billion).

Earnings Per Share rose to Rs. 14.79 (2024: Rs. 12.6) and Return on Equity improved to 39% (2024: 38.2%). Operating expense ratios remained disciplined, reflecting both operational efficiency and the benefits of scale. Importantly, 2025 was not merely a year of earnings growth, but one of structural consolidation. The Company successfully completed the full and timely repayment of its Tier 2 loan facility in October 2025 without delays or additional costs, a milestone that reaffirmed Softlogic Life's disciplined financial stewardship and credibility as a trusted counterparty. Following this repayment, development finance institutions including Norfund and Finfund renewed their engagement with the Company, culminating in a fresh USD 15 million funding agreement expected to be drawn down in the first half of 2026. Such renewed international confidence is particularly significant in light of Sri Lanka's broader sovereign risk environment.

OPERATING LANDSCAPE

Sri Lanka's macroeconomic environment in 2025 marked a significant departure from prior volatility. Real GDP growth ranged between 4.5–5%, inflation moderated to 2–3%, and Treasury bill rates returned to single digits, easing monetary conditions. Resurgent tourism, remittance inflows and improved financial liquidity strengthened consumer confidence and facilitated market recovery. This economic stabilisation has significantly enhanced the disposable income of the middle market segment, allowing for a shift in consumer behaviour from immediate subsistence to long term financial protection and planning. While overall economic output remains slightly below pre crisis benchmarks, the restoration to near 2019–2020 levels, represents a substantial milestone in national recovery. The transition to a lower interest rate environment has prompted a strategic rebalancing of our investment portfolio,

Table 1: Financial Indicators

		2025	2024
Gross Written Premium	Rs Bn	40.1	31.6
Profit Before Tax	Rs Bn	6.6	6.3
Profit After Tax	Rs Bn	4.7	4.5
Earnings per Share	Rs	14.8	12.6
Return on Equity	%	39.0	38.2
Operating Expense Ratio	%	17.2	18.5

CHAIRMAN'S STATEMENT

focusing on optimising yields while maintaining the highest standards of liquidity and capital preservation.

The broader life insurance industry recorded growth of approximately 24% in 2025 in contrast with the Group's notable 27% growth. This consistent out-performance has further consolidated our market share, positioning Softlogic Life as the primary driver of growth within the life insurance sector.

Nonetheless, climate-related disruptions such as Cyclone Ditwah underscored the necessity of resilient risk management. While the life insurance portfolio remained relatively insulated from direct exposure, such events reinforced our strategic focus on climate risk preparedness and mitigation.

INNOVATION AND THE FUTURE OF INSURANCE

Technology and artificial intelligence continue to redefine insurance globally. In high volume, process driven operations, AI enables profound gains in efficiency, accuracy and customer experience. Softlogic Life's leadership in innovation was regionally recognised in 2025, with awards including 'AI Initiative of the Year' by Asia Insurance Review and 'Best Innovation Led by Technology and Insuretech in Sri Lanka' at the Emerging Asia Insurance Awards. These accolades validate our commitment to embedding advanced technologies at the core of our operations. Looking ahead, AI will drive underwriting precision, predictive analytics, fraud detection and personalised customer engagement, creating scalable growth, enhanced profitability and measurable societal impact.

In a pioneering initiative, Softlogic Life quantified the societal health impact of insurance protection through Disability Adjusted Life Years (DALYs), a globally recognised metric. Approximately 5,000 DALYs were averted across our

customer base, translating to USD 58 million in economic value creation and reducing the public healthcare burden by USD 15 million. This initiative positions Softlogic Life at the forefront of demonstrating the tangible societal value of life insurance.

SUSTAINABILITY AND CLIMATE RESILIENCE

Sustainability is integral to our long term strategy. Softlogic Life's ESG policy, aligned with SLFRS S1 and S2, the UN Sustainable Development Goals, and the UN Global Compact, guides decision making across governance, operations, products and investments. Concurrently, exploration of green investment portfolios aligns asset allocation with environmental objectives. Climate related risks, amplified by events such as Cyclone Ditwah, remain central to strategic planning. Geographic diversification, capital buffers, and liquidity discipline underpin both growth and resilience, with regional expansion pursued as a deliberate risk mitigation strategy. Softlogic Life's sustainability track record demonstrates proactive leadership: early adoption of ESG reporting frameworks, recognition for digital and AI innovation and the DALY-based societal health impact initiative reinforce that sustainability is a core driver of long-term, measurable value.

GOVERNANCE AND FORWARD-LOOKING RISK MANAGEMENT

Strong governance underpins all that we do. The Board provides independent oversight over strategy, capital allocation and risk management. No regulatory violations occurred during the

year. Ahead of mandatory requirements, Softlogic Life adopted SLFRS S1 and S2 sustainability disclosure standards, integrating ESG metrics directly into Key Performance Indicators and enterprise risk management frameworks. This approach embeds sustainability into capital allocation decisions and ensures the Company is well-positioned to capture emerging opportunities while mitigating climate and ESG related risks.

A primary focus of our governance framework during the year was the finalisation of our transition to SLFRS 17. We have successfully implemented the sophisticated actuarial modelling and data architecture required for this transition, ensuring that our reporting reflects a more granular and transparent view of the long-term profitability of our insurance contracts.

Softlogic Life strictly adheres to best practices in corporate governance, with no violations of the code of best practices whatsoever and complied beyond minimum regulatory requirements. Our Annual Report have consistently ranked among the top three corporates in Sri Lanka at the CA Sri Lanka TAGS Awards consecutively for five years, In 2025, at the 60th CA TAGS Awards the company won five awards including the Silver Award for Overall Excellence in Corporate Reporting, the Insurance sector Gold award and a further Gold for Digitally Transformative Reporting, Silver Awards for Sustainability Reporting and Integrated Reporting. This recognition underscores our unwavering focus on governance excellence.

Table 2: Non-Financial Indicators

Measure	Unit	2025	2024
DALY averted	Years	5,000	4,200
Female participation across total head count	%	35	33
Claims paid to underserved community	Rs Mn	385	176
Emission intensity	(tCo2e / GWP Mn)	0.36	0.40

DELIVERING SUSTAINABLE SHAREHOLDER VALUE

Our commitment to shareholders is anchored in disciplined capital stewardship, prudent risk management and a focus on sustainable, long term value creation. Dividend policy is calibrated to reward shareholders while preserving capacity for reinvestment in digital transformation, AI capabilities, talent development, product innovation and regional expansion. Our performance in 2025 demonstrates not only strong earnings but sustainability, resilience and structural strength. High returns on equity, low gearing and capital adequacy above regulatory thresholds underscore a robust franchise capable of multi cycle growth. Our objective remains steadfast: to generate superior risk adjusted returns, enhance embedded value and position Softlogic Life for enduring leadership in Sri Lanka's life insurance sector.

ACCELERATING DIVERSITY AND FINANCIAL INCLUSION

Diversity, Equity and Inclusion (DEI) are not peripheral commitments, but strategic imperatives embedded within our long term growth model. Structured DEI frameworks, developed in collaboration with international development finance institutions, ensure that inclusion is supported by measurable targets, governance oversight and institutional accountability. Financial inclusion remains central to our purpose. Out of our approximately 1.5 million customers, nearly 400,000 originate from underserved communities that previously lacked access to formal insurance protection. Extending risk protection to these segments not only strengthens social resilience but also expands the national protection net, aligning inclusive growth with sustainable business expansion. By integrating underserved populations into the formal insurance ecosystem, we create enduring economic value while reinforcing the stability of households and communities.

Within our organisation, we are committed to advancing gender parity across leadership and workforce representation. We target to maintain 30% female representation at Senior Manager level and above, and 45% female representation across total headcount, excluding sales. In parallel, we will implement at least one structured initiative annually to recruit and develop female sales professionals, strengthening representation within our frontline distribution force. These commitments build upon our ongoing 'For Her' leadership development programme, which is designed to cultivate female business leadership and expand pathways for career progression. Collectively, these initiatives position Softlogic Life not merely as a participant in the inclusion agenda, but as an active architect of a more equitable and financially empowered society.

STRATEGIC OUTLOOK FOR 2026 AND BEYOND

Short term strategic priorities

In the near term, our focus will be the seamless integration of subsidiary operations, embedding governance, cultural alignment, and operational discipline across all entities during 2026. This will create a unified platform to enhance operational efficiency, risk management, and customer experience. The first full implementation of SLFRS 17 will provide enhanced transparency, reflecting the long-term profitability of insurance contracts through Contractual Service Margins. Simultaneously, SLFRS S1 and S2 adoption will continue to strengthen ESG governance, integrating sustainability metrics into strategic and operational decision making. Artificial Intelligence and digital innovation remain central to our transformation agenda. By deepening AI across underwriting, claims, and customer engagement, we will achieve efficiency gains, operational precision, and enhanced customer outcomes. These advancements, coupled with data driven insights, will drive scalable growth in

GWP, profitability, and societal impact, as evidenced by our pioneering DALY initiative.

LONG TERM STRATEGIC PRIORITIES

Over the longer term, measured expansion into selective offshore markets will diversify earnings streams and reduce concentration risk, while innovation in product design, technology and sustainable investments will continue to differentiate Softlogic Life. Anchored in a balanced, protection led model, we remain committed to delivering sustainable impact across the industry and the economic and social fabric of the nation.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend my sincere gratitude to the insurance regulator and the leadership of the Insurance Regulatory Commission of Sri Lanka for their guidance and support. Our success is a testament to the dedication of our Board of Directors, management team, and employees. Their unwavering commitment and hard work have been instrumental in achieving these remarkable results. By staying agile and future focused, we are committed to leveraging innovation, digital transformation, and strategic partnerships to strengthen our market position. Our proactive risk management approach, coupled with a strong governance framework, ensures resilience in an evolving economic landscape. As we move forward, we will continue to drive sustainable growth, create meaningful stakeholder impact, and uphold our commitment to excellence in all aspects of our operations. Looking ahead, we remain confident in our ability to navigate challenges, capitalise on emerging opportunities, and continue delivering exceptional value to all stakeholders.

Sgd.
Ashok Pathirage
Chairman

Colombo, Sri Lanka.
6 March 2026