

REFLECTIONS FROM OUR MANAGING DIRECTOR



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IFTIKAR AHAMED
Managing Director



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The big move during the year was acquisition of Allianz Life Insurance Lanka Limited, a defining moment in our expansion strategy. This transaction added immediate scale, strengthened our balance sheet and significantly enhanced our human capital base.

STANDING OUT FROM THE CROWD

Softlogic Life delivered a year of outstanding financial performance in 2025, underpinned by disciplined execution, strong capital management and a clear focus on sustainable growth. On a Group basis, the Company achieved Rs 40 billion of Gross Written Premium over achieving the budget set for the year and delivering year-on-year growth of 27%. Over the past decade, we have achieved a compounded annual revenue growth rate of 26%, highlighting the effectiveness of our strategies. Our profitability surpassed expectations, with a strong profit after tax totalling Rs. 4.7 billion and an impressive Return on Equity (ROE) of 39%. The 10-year average ROE stands at 32%, reflecting the sustainability of our business. These results were made possible by improvements in operational efficiency, evident in the reduction of our expense ratio to 17.2% from 18.5% last year a clear signal that scale and efficiency are now working together in our favour. These are not

numbers that happened by chance they are the outcome of a deliberately crafted strategy that balances aggressive growth with strong financial governance and one that prioritises productivity over volume, relentlessly focused on creating long-term shareholder value

This strong operating performance was underpinned by a highly robust capital position and disciplined financial management. As at 31 December 2025, Softlogic Life reported a capital adequacy ratio of 245%, significantly above regulatory requirements. Total assets stood at Rs 68.5 billion recording substantial growth during the year, further strengthened by the addition of the Allianz Life portfolio, enhancing both balance sheet depth and long term earnings capacity.

A notable financial milestone was the successful repayment of a Tier 2 loan facility originally contracted five years ago. This facility was settled in full, on schedule and without any delays or additional charges, reinforcing Softlogic Life's reputation for financial prudence, strong liquidity management and disciplined capital planning. It continues to attract sustained confidence from international development finance institutions. During the year, Softlogic Life entered into new financing agreements amounting to USD 15 million with Norfund and OP Finnfund, with drawdowns expected in the first half of 2026. These partnerships reflect continued international endorsement of our governance standards, strategic direction and long-term growth potential, even within a complex sovereign risk environment.

CHANGING OUR STRATEGY TO DEFINE OUR FUTURE

2025 proved to be year of strategic recalibration. We made deliberate shifts across our core growth engines

agency, alternate distribution, digital and health and these decisions are already reshaping the future profile of the company.

AGENCY: WINNING THE MIDDLE MARKET

One of the most successful strategic moves of the year was our renewed focus on the middle income segment. Through the introduction of a new product suite tailored specifically for this segment, we successfully captured a market that remains largely underserved but highly scalable. This strategy delivered immediate results.

Softlogic Life Insurance Lanka Limited (the Subsidiary) delivered GWP of Rs 3.4 billion in 2025, representing one of the highest growth rates in its history at around 22.5%. For the group results we account for Rs 1.7 billion due to effective acquisition in mid 2025. This performance continued uninterrupted despite the transition, a strong vote of confidence in both the portfolio and the Softlogic Life platform. The acquisition contributed approximately Rs 8.6 billion in life funds, increasing the Group's total consolidated life fund base to nearly Rs 46.6 billion. More importantly, over 1,000 advisors and 200 permanent staff joined our organisation, injecting experience, depth and distribution power that will be critical in accelerating future growth.

ALTERNATE CHANNEL

Our alternate distribution channel delivered one of the strongest performances of the year, achieving Rs 12.5 billion in GWP a growth of around 25%. This channel now holds market leading positions across international health, group health and the DTAP (credit life) segment. The resurgence of private sector credit, combined with strong banking partnerships, including public and private banks, created powerful momentum.

MANAGING DIRECTOR'S REVIEW

MICRO MOBILE

Micro Mobile, our third distribution channel, recorded GWP of Rs 2.5 billion, representing growth of about 35%.

What makes this channel unique is its partnership ecosystem. Collaborations with Dialog Telecom and the Sri Lanka Postal Department give us direct access to millions of customers across the country, including segments that are traditionally difficult to reach. These partnerships also enable cost-efficient premium collection and digital engagement, making Micro Mobile one of our most scalable and inclusive growth platforms.

At Softlogic Life, we focus on four strategic pillars: digital transformation and insurtech, preventive health and wellness, personalisation and customer-centric products and services, and sustainability. We have effectively implemented our strategy around these pillars, as outlined below.

DIGITAL TRANSFORMATION AND INSURTECH

At Softlogic Life, digitalisation is the core engine of future competitiveness. The period under consideration marked a decisive shift from traditional digitisation to full-scale digital transformation. Artificial intelligence is now deeply embedded across multiple layers of our business from claims processing and customer servicing to marketing, underwriting and analytics.

Our AI-powered claims platform, "Claim-It", has dramatically reduced processing times, improved accuracy and enhanced customer satisfaction. AI-generated marketing has strengthened campaign effectiveness while reducing cost. Predictive analytics now supports better risk selection and product design.

This relentless focus on applied innovation was internationally recognised when Softlogic Life won the "AI Initiative of the Year" award from Asia

Insurance Review competing against global giants. For a Sri Lankan insurer to win this award is not only a corporate achievement, but a national one.

PREVENTIVE HEALTH AND WELLNESS

One of the most exciting strategic breakthroughs of 2025 was our entry into preventive health. We launched Sri Lanka's first digital Health Score platform a pioneering application that allows users to scan their face and receive real-time health indicators such as blood pressure, cholesterol, blood sugar and overall wellness metrics. Although not a substitute for clinical diagnostics, this tool acts as a powerful early warning system, enabling customers to monitor trends, identify risks and take proactive action long before serious illness develops.

Our long term vision is to own the concept of "Health for Life". We want to be embedded in our customers' daily lives supporting healthier lifestyles, better habits and preventive care. Prevention is the next frontier of insurance, and Softlogic Life intends to lead that transformation.

PERSONALISATION AND CUSTOMER-CENTRIC PRODUCTS AND SERVICES

2025 also marked a major shift towards hyper personalisation for the Company. We launched new product lines designed specifically for the middle-income segment, addressing affordability, simplicity and relevance. At the same time, we redefined our distribution strategy not only in terms of channels, but also in terms of how products are delivered, serviced and experienced.

Personalisation encompasses digital onboarding, customised servicing, lifestyle engagement, wellness tracking and proactive communication. Our strategy is to move from selling policies to managing lifelong customer relationships.

SUSTAINABILITY AND ESG

Sustainability at Softlogic Life is defined through the principle of double materiality ensuring resilience against external environmental and social risks, while simultaneously making a positive and measurable contribution to the broader operating ecosystem in which we function.

During 2025, the Company aligned its governance frameworks, policies and disclosures with SLFRS S1 and S2, the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals and the UN Global Compact. Climate related risk has now been formally embedded into our enterprise risk management architecture, reflecting its growing significance as a determinant of long-term financial stability, asset performance and systemic resilience.

Throughout the year, we engaged experts to evaluate the impact our services have had on our policyholders. As a result, we calculated the Disability Adjusted Life Years (DALYs) gained by our policyholders in comparison to the general population. We are proud to announce that our policyholders have collectively gained an extra 5,000 years of healthy life as a result of the coverage we offer, which equates to approximately 2.5 healthy days per individual policyholder. Furthermore, we have contributed approximately USD 15 million towards alleviating the health burden on government healthcare systems. We remain committed to measuring our impact to further enhance the well-being of our customers.

CUSTOMER COMMITMENT

We protected 1.5 million lives and paid Rs 13.6 billion in claims excluding maturities and surrenders the highest in the industry. This reflects our steadfast commitment to honouring our promises and strengthening customer trust.

This achievement underscores our focus on innovation, operational excellence and customer centricity. By continuously enhancing our products and streamlining claims processes, we ensure timely, seamless support when it matters most, reinforced by strong financial stability and digital enablement.

UPSKILLING OUR EMPLOYEES

No organisational transformation is possible without the active participation and evolution of people. Softlogic Life currently stands at a unique inflection point, where individual productivity can realistically increase by 30-50% through the effective adoption of digital platforms and artificial intelligence. During 2025, the Company launched a comprehensive, organisation wide upskilling initiative centred on AI literacy, digital capability and data driven decision making. Participation extends across all functions and levels, ensuring that transformation is not confined to technology teams but embedded across the entire enterprise.

Our conviction is clear: artificial intelligence will not replace people; rather, people who understand and leverage artificial intelligence will consistently outperform those who do not.

TECHNOLOGY AS A STRATEGIC IMPERATIVE

Softlogic Life is prepared to invest decisively in technologies that deliver tangible, measurable and sustainable value. Our technology agenda is not defined by infrastructure expansion or systems accumulation, but by outcomes that directly strengthen business performance faster decision-making, superior risk management, cost efficiency and an enhanced customer experience.

Technology is no longer an enabling function operating at the periphery

of the organisation. It has become the business itself shaping how we compete, how we operate and how we create value in an increasingly digital financial ecosystem.

APPRECIATION

I extend my sincere appreciation to our Chairman, the Board of Directors for their vision, stewardship and strategic leadership. We are indeed privileged to have a Regulator who is responsive and has the prospects of the industry at heart. The Senior management Team of the Company is the backbone of our success combining with a fully committed team who are passionately committed. I also wish to thank our shareholders, partners and other stakeholders for their continued trust, commitment and unwavering support.

Together, we will continue to shape the future of insurance in Sri Lanka, guided by a shared commitment to excellence, innovation and long-term value creation. The transformation underway within Softlogic Life is both ambitious and irreversible, positioning the Company at the forefront of a new era in financial services.

To our employees, advisors, partners, shareholders and customers thank you for your trust, your energy and your belief in what we are building. The years ahead hold significant promise, as we translate strategic intent into sustained performance and enduring institutional strength.

Sgd.
Iftikar Ahamed
Managing Director

Colombo, Sri Lanka.
06 March 2026