Richard Pieris Group Services (Private) Limited

310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Tel : 4310500 Fax : 2804787
Website : http://www.arpico.com
PV 19792

23rd June 2026

Ms. Nilupa Perera
The Chief Regulatory Officer
Colombo Stock Exchange 04-01
West Block
World Trade Centre Echelon Square
Colombo 01

Dear Madam

ARPICO INSURANCE PLC (PQ 4739) - ERRATA TO THE ANNUAL REPORT 2025

We refer to the Annual Report of Arpico Insurance PLC for the financial year ended 31st December 2025, which was published on 4th June 2026. We wish to notify the Colombo Stock Exchange of three specific disclosures errors identified in the "Notes to the Financial Statements and Annual Report of the Board of Directors"

Summary of Errata is given below:

Reference	Page No.	Error Description	Correction Required
Note 31.6 - Movement in Life Fund	234	Incorrectly identifies the consultant actuary as: **Actuarial Partners** Limited.	**Actuarial Partners** Limited should read as **Actsure Lab (Pvt.) Ltd.**
Note 31.7 – Key Assumptions	234	The disclosures relating to mortality, discount rate and inflation assumptions are incorrect. **Mortality:** The latest industry mortality table for male and female is used. **Discount rate:** The discount rates are derived based on the asset mix and expected rates of return of the Company. The cash flows are discounted using the best estimate expected fund return. This is derived based on the Company's expected return.	**Replaced as follows:** **Mortality:** Standard table is the SLA07/09 for the insured mortality table for the Sri Lankan market adjusted for the company's experience. **Discount rate:** Discount rate is the Risk-Free Rate issued by the Insurance Regulatory Commission of Sri Lanka as at 31st December 2025.

		Inflation: Based on the weighted salary increment experience from Arpico and the expected inflation of Sri Lanka for non-salary expense.	**Inflation:** Based on the IMF indicators for Sri Lanka about the future inflation.
Note 17.3 -Deferred Taxation	211	Incorrectly states "the Company has assessed further Rs.85Mn of the deferred tax asset is recoverable within the tax loss claimable timeframe"	**Replace with:** " the Company has assessed a further Rs.105Mn of the deferred tax asset is recoverable within the tax loss claimable timeframe"
Annual Report of the Board of Directors- Taxation	155	Incorrectly states "Based on the management's latest last year projections of future taxable income, the Company has assessed further Rs.85 Mn of the deferred tax asset is recoverable within the tax loss claimable time frame."	**Replace with:** "Based on the management's latest last year projections of future taxable income, the Company has assessed further Rs.105 Mn of the deferred tax asset is recoverable within the tax loss claimable time frame."

The corrected pages are attached and should be read in conjunction with the Annual Report 2025 previously filed. We regret any inconvenience caused.

For and on behalf of Arpico Insurance PLC

R J Siriweera
Director/Company Secretary
RICHARD PIERIS GROUP SERVICES (PRIVATE) LIMITED
SECRETARIES TO
ARPICO INSURANCE PLC

* Please note that the above corrections will not impact the financial figures reported in the Income Statement, Statement Of Financial Position or Statement of Cash flows to the financial statements.

	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000
Net written premium	1,671,572	1,881,275	2,141,063
Total other revenue	749,702	608,089	647,262
Net Income	2,420,274	2,489,364	2,788,325
Total benefits, claims and other expenses	(2,517,241)	(2,344,474)	(3,472,157)
Profit before tax	(96,967)	144,891	(683,832)
Income tax	105,000	90,000	-
Profit/(Loss) for the year	8,033	234,891	(683,832)

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages 193 to 256 There were no significant changes to the accounting policies of the Company during the year.

GROSS WRITTEN PREMIUM

The table below gives growth in gross written premium for the year 2025.

For the year ended 31 December	2025 RS.	2024 RS.
First year premium	663,622,130	694,163,807
Renewal premium	1,041,837,428	1,000,978,872
Group premium	56,675,297	273,619,893
Total gross written premium	1,762,134,855	1,968,762,572

Further details on financial performance are given on pages 187 to 192.

ACTUARY'S REPORT

This Annual Report includes reports from the Life Actuary of Arpico Insurance PLC. The Actuary has expressed satisfaction with the progress achieved by the Company to date and of the performance of the Company during the year under review. Actuarial Reports are provided on page 183.

TAXATION

Based on the management's latest last year projections of future taxable income, the Company has assessed further Rs.105 Mn of the deferred tax asset is recoverable within the tax loss claimable time frame. Company did not recognise further deferred tax assets for the remaining carried forward tax loss of Rs. 224 Mn.

RISK GOVERNANCE & RBC COMPLIANCE

The Company has complied with the requirements of the Risk Based Capital (RBC) framework on solvency margin as required by the IRCSL. Total Available Capital (TAC) and Risk Based Capital Adequacy Ratio (CAR) of the Company were maintained in excess of the minimum requirements as prescribed by the IRCSL throughout the year.

Details on RBC of the Company is given in page 251 of the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The book value of Property, Plant & Equipment of the Company stood at Rs. 23 Mn as at 31st December 2025.

Details are given in Note 20 to the financial statements (pages 214 to 216).

INVESTMENTS

Investments of the Company amounted to Rs. 4.5 Bn. Details are given in Note 22 to the financial statements.

Stated Capital and total equity of the company as at 31st December 2025 stood at Rs. 1,688 Mn and Rs. 1.8 Bn. Respectively.

Details for Statement of Changes in Equity are given on page 190.

HUMAN RESOURCES

The company's human resource policy is driven to reach its corporate goals and objectives by inculcating in employees a strong value system and ethics. While the Company is focused on developing employee ability to optimise results, the policies and procedures in place ensure equitable treatment of all employees.

BOARD OF DIRECTORS

The Board of Directors of the Company consists of five (05) Directors with wide financial knowledge and experience.

The names of the Directors who held office are given below and their brief profiles appear on pages 20 to 22.

Name of the Director	Date of Appointment	Directorship Status
Mr. Ramal Jasinghe	16th May 2023	Chairman (Independent Non-Executive Director)
Mr. Shiron Gooneratne	2nd May 2016	Non-Executive Director
Mr. Kelum Senanayake	1st December 2023	Executive Director (Ceased to hold office since 31st December 2025)
Mr. Yudhishtran Kanagasabai	18th July 2024	Independent Non-Executive Director
Mr. Ainsley Rohan Muturajah Muttiah	3rd Mar 2025	Independent Non-Executive Director

17.3. (d) Deferred taxation

	2025 Rs.	2024 Rs.
Deferred tax asset	262,054,413	162,416,380
Derecognition due to revised projection	(67,054,413)	(72,416,380)
Deferred tax asset	195,000,000	90,000,000

In accordance with LKAS 12 – Income Taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilized.

Based on the management's latest last year projections of future taxable income, the Company has assessed further Rs.105 Mn of the deferred tax asset is recoverable within the tax loss claimable timeframe. Company did not recognized further deferred tax assets for the remaining carried forward tax loss of Rs. 224 Mn.

18 EARNING PER SHARE

Accounting Policy

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit after tax and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The EPS calculations have been prepared in accordance with LKAS 33 – Earnings Per Share,

18.1 Basic Earnings / (Loss) per Share

For the year ended 31st December	2025 Rs.	2024 Rs.
Profit / (Loss) for the year attributable to ordinary share holders	8,033,273	234,890,898
Weighted average number of ordinary shares (Nos)	66,230,407	66,230,407
Basic Earning/(Loss) per ordinary share Rs.	0.12	3.55

18.2 Diluted Earnings per Share

There was no dilution of ordinary shares outstanding. Therefore, diluted earnings per share is the same as basic earnings per share as shown in IS

19 INTANGIBLE ASSETS

Accounting Policy

Recognition and Measurement

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 - Intangible Assets.

Computer Software

Computer software acquired separately are measured on initial recognition at cost. Following initial recognition, these assets are stated in the statement of financial position at cost, less accumulated Amortisation and accumulated impairment losses.

31 INSURANCE CONTRACT LIABILITIES (CONTD...)

31.6 Movement in Life Fund

As at 31st December	2025 Rs.	2024 Rs.
Balance as at 1st January	2,715,710,389	2,885,863,883
Change in contract liabilities life fund		
Increase in life insurance fund before surplus transfer	48,812,167	(181,059,252)
Surplus transferred from / (to) shareholders	477,347,034	-
Increase in life insurance fund	526,159,201	(181,059,252)
Movement in AFS reserve transferred to life fund	24,570,913	10,905,758
Balance as at 31st December	3,266,440,502	2,715,710,389

The valuation of the Life Insurance business as at 31st December 2025 was assessed by Actsure Lab (Pvt.) Limited. According to the Actuarial Valuation which is based on a distribution basis, the reserve amounted to Rs. 3,266 Mn (2024 - 2,715 Mn) is adequate to cover the liabilities pertaining to the Life Insurance Business.

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional non - participating Life Insurance products. The actuarial reserves have been established based on gross premium valuation (GPV) with cash flows discounted using the best estimate investment return.

In accordance with the Direction No. 16 issued by the IRCSL on 20 March 2018, which permitted insurers to transfer such one-off surplus (LKR 320.084 million) to the shareholder fund as a restricted reserve, the Company elected to continue retaining the one off surplus within the life fund to further strengthen the policyholder fund. Further as informed by the IRCSL, the one off surplus should be maintained within the life insurance fund as a restricted reserve and it should be shown in the balance sheet under the Insurance Contract Liabilities.

The Life Insurance Fund included in the financial statements shows Rs. 2,789.036 Mn inclusive of one off surplus as at 31 December 2025, before any transfers to shareholders. Accordingly, Rs.477.347 Mn transfer from the Shareholders' Fund to the Life Insurance Fund has been recommended by the Actuary for the year 2025 to cover the deficit in the fund.

With respect to the Non-Participating Fund, the one-off surplus Rs. 320.084 Mn should be carried forward in the fund after covering for the policyholder liabilities.

Liability Adequacy Test (LAT)
A Liability Adequacy Test ("LAT") for Life Insurance contract Liability was carried out by Actsure Lab (Pvt) Ltd, as at 31 December 2025 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the Company discounted all contractual cash flows and compared this amount with the carrying value of the liability.

31.7 Key assumptions

The main assumptions used to estimate liability are as follows.

Mortality	Standard table is the SLA07/09 for the insured mortality table for the Sri Lankan market adjused for the company's expereince
Discount rate	Discount rate is the Risk Free Rate issued by the Insurance Regulatory Commitsion of Sri Lanka as at 31st December 2025
Inflation	Based on the IMF indicators for Sri Lanka about the future inflation
Morbidity	Based on the company experience