17th June 2025

Mr. Renuka Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
Level 4, Echelon Square,
World Trade Center
Colombo 01

Dear Mr. Wijayawardhane,

MARKET ANNOUNCEMENT- CO-OPERATIVE INSURANCE COMPANY PLC EXTENSION OF TIMELINES FOR UTILIZATION OF IPO PROCEEDS

Co-operative Insurance Company PLC (the "Company") hereby makes the following market announcement, in the interest of ensuring transparency and upholding the principles of timely and adequate disclosure to shareholders and investors.

01. Original IPO Objectives and Timelines (as per Prospectus dated 10th December 2021)

IPO Objective	Allocated Budget (LKR)	Original Timeline
Business Expansion	325 Mn	By end of 2024
Construction of Salvage Yard	25.3 Mn	By end of 2024
Digital Transformation	250 Mn	By January 2025

02. Current Status and Fund Utilization (as at 31st March 2025)

IPO Objective	Current Status	Funds Utilized (LKR Mn)	Unutilized Balance (LKR Mn)
Business Expansion	• Preliminary groundwork for expansion began in 2022; however, activities were interrupted due to economic instability and governance-related disruptions. • The Company is now repositioning its expansion strategy to align with evolving market conditions and digital transformation goals. This includes the introduction of **virtual office models** to complement the existing physical branch network. • Additionally, renovations of selected existing branches are planned to enhance customer experience and improve branch-level visibility and appeal. • Implementation of the revised expansion model is scheduled to commence in 2026.	132.8 Mn	192.2 Mn
Construction of Salvage Yard	• The **second phase** of the salvage yard construction was initiated in 2024, with preparatory groundwork and site activities undertaken. • The project is currently **on hold pending regulatory clearance** from the Ministry of Urban Development, Construction, and Housing. • Upon receipt of the necessary approvals, the Company intends to resume and complete the project under the new strategic plan timeline.	10.7 Mn (Already Capitalized) 12 Mn (Awaiting Capitalization)	2.6M
Digital Transformation	• Launch of the **Coop Mobile App**, providing customers with functionalities such as accident reporting for motor policyholders and Motor Underwriting Inspection. • Development and in-house implementation of **e-Cover Notes** and **e-Motor Cards**. • During 2025, the Company expects to further enhance its digital infrastructure by introducing, **e-Receipts, e-Policies, e-Quotations**, A digital solution for **After Repair Inspection (ARI)**.	15 Mn	235 Mn

03. Reasons for Non-Achievement of Original Timelines

- **Macroeconomic Challenges (2022)**
  The post-pandemic macroeconomic environment in 2022 presented significant challenges to the insurance industry. Heightened inflation, currency instability, and overall economic uncertainty impacted the Company's ability to proceed with planned investments as outlined in the Prospectus.

- **Regulatory and Governance compliance (May 2023 – August 2024)**
  A temporary suspension from 11th April 2023 to 26th May 2023 of operations was imposed by the Insurance Regulatory Commission of Sri Lanka (IRCSL), arising from a governance dispute among members of the Board that had persisted since mid-2022.

  Following the suspension, the Company was subject to regulatory directives restricting any non-essential expenditure or investments from May 2023 to 28th August 2024. As a result, implementation of the IPO-related projects had to be put on hold during this period.

04. Commitment to IPO Objectives

Co-operative Insurance remains firmly committed to achieving the IPO objectives as outlined in the Prospectus dated 10th December 2021. The Company wishes to emphasize that, **due to the reasons detailed above**, only the timelines have been revised. The intended use of funds and the core objectives remain unchanged, and all efforts are directed towards the successful completion of these initiatives.

05. Proposed Extended Timelines and Action Plan

IPO Objective	Proposed Extended Timeline	Action Plan
Business Expansion	Implementation beginning from 2026 to end 2028.	The Company is now repositioning its expansion strategy to align with evolving market conditions and digital transformation goals. This includes the introduction of **virtual office models** to complement the existing physical branch network. Additionally, renovations of selected existing branches are planned to enhance customer experience and improve branch-level visibility and appeal. Implementation of the revised expansion model beginning from 2026 to end 2028.

IPO Objective	Proposed Extended Timeline	Action Plan
Construction of Salvage Yard	Completion targeted under the beginning from 2025 to end 2027	The project is currently **on hold pending regulatory clearance** from the Ministry of Urban Development, Construction, and Housing. Upon receipt of the necessary approvals, the Company intends to resume and complete by end of 2027.
Digital Transformation	Key enhancements during 2025 and continuation till full rollout by 2028	During 2025, the Company expects to further enhance its digital infrastructure by introducing, **e-Receipts, e-policies, e-Quotations**, A digital solution for **After Repair Inspection (ARI)**. Further digitalization initiatives and full implementation by 2028

06. Unutilized IPO Proceeds and Current Investment

As at 31st March 2025, the unutilized IPO proceeds amount to **LKR 429.8 Mn**, invested prudently in interest-earning, low-risk financial instruments with a strong focus on safeguarding the interests of shareholders, until such time they are utilized for their intended objectives, in line with the Prospectus provisions.

The Company remains fully committed to the prudent, transparent, and timely utilization of IPO funds aligned with long-term business objectives and shareholder interests.

Yours faithfully,

Co-operative Insurance Company PLC

D.U.P. Rajapakshe
Chief Executive Officer