



Mercantile Investments and Finance PLC

Est.1964

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12th February 2026

Ms. Nilupa Perera
Chief Regulatory Officer
Colombo Stock Exchange
Level 4-I West Tower
World Trade Centre
Echelon Square
Colombo 01.

Dear Madam,

Mercantile Investments and Finance PLC (MERC) – Rights Issue of Ordinary Voting Shares

In terms of Section 5.2 (b) of the Listing Rules of the Colombo Stock Exchange, we write to inform you that the Board of Directors of Mercantile Investments and Finance PLC ("The Company"), resolved on 11th February 2026, to increase the Company's Stated Capital by way of a Rights Issue (the issue), the details of which are as follows:

Number of Shares to be issued	33,400,000 New Ordinary Voting Shares
The proportion in which shares are to be issued	One (01) new ordinary share for every eighteen (18) existing ordinary shares held by the shareholders in the register of shareholders as at end of trading on the Date of Entitlement
The consideration for which Shares are to be issued	Rs. 33/- per Share
Current Stated Capital of the Company	LKR 36,000,000/- (represented by 601,200,000 Ordinary Voting Shares) as at 31 December 2025
The purpose for which the proceeds of the Issue are to be utilized	To strengthen the capital base and to enhance Capital Adequacy Ratios of the Company in line with the projected business expansion growth and thereby to be compliant with regulatory capital requirements

The proposed Rights Issue was approved by the Central Bank of Sri Lanka in terms of the Finance Companies (Structural changes) Direction No. 01 of 2013 (as amended) by their letter dated 11th February 2026.

The proposed Rights Issue is subject to the Colombo Stock Exchange approving in principal the Issue and listing of the Ordinary Voting Shares and obtaining Shareholders' approval by way of an Ordinary Resolution at an Extraordinary General Meeting.

Yours faithfully,

MERCANTILE INVESTMENTS & FINANCE PLC

S Pethiyagoda
Company Secretary