DIALOG FINANCE PLC

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2025

Financial review for the year ended 31 December 2025

Dialog Finance PLC reported a strong financial performance for the year ended 31 December 2025, recording a Net Profit After Tax (NPAT) of Rs. 159.7 million, marking a significant turnaround from a loss of Rs. 41.1 million in the previous year. Operating income surged by 107% year-on-year to Rs. 2.3 billion, reflecting the Company's continued focus on scalable, technology-led financial solutions.

Profit before taxes rose sharply to Rs. 437.5 million, an increase of 893% compared to the previous year, driven by strong core business momentum, disciplined cost management, and improved margins. The growth in operating income was largely underpinned by strategically structured fee income from key growth engines such as Device Financing and the payments business, supported by steady improvements in asset quality and net interest margins.

Total assets expanded by 62% year-on-year to Rs. 11.9 billion, while the net loan book grew by a robust 77% to Rs. 9.1 billion, continuing to form the backbone of the Company's earnings growth. Net Interest Income increased by 72% to Rs. 1.3 billion, supported by prudent pricing strategies and effective asset-liability management, resulting in a healthy Net Interest Margin of 15.01%.

Operating expenses grew at a moderated pace of 64%, leading to a notable improvement in the cost-to-income ratio to 69% from 86% in the previous year. This reflects sustained efforts to enhance operational efficiency while scaling the business. Impairment charges increased to Rs. 307.8 million, in line with the expansion of the loan portfolio. Despite this, asset quality remained sound, with Stage 3 advances contained at 4.94% and a strong coverage ratio of 73.33%, remaining well above industry benchmarks.

The Company's capital position remained strong, with both Tier I and Total Capital Adequacy Ratios reported at 17.03%, comfortably above the minimum regulatory requirements, reinforcing balance sheet resilience.

During the year, Dialog Finance continued to strengthen its digital ecosystem with several key developments. The Company introduced doorstep delivery for mobile phones purchased via its LesiPay instalment platform, enhancing customer convenience. Genie Business digital payment acceptance solutions were further expanded, now coupled with guaranteed business loans to support MSME growth. In addition, a strategic partnership with global payment network UnionPay enabled the expansion of innovative payment solutions with nationwide acceptance and world-class digital payment experiences for Sri Lankan consumers and merchants.

Dialog Finance PLC, a subsidiary of Dialog Axiata PLC, is a registered finance company in Sri Lanka offering innovative, technology-driven financial services, digital lending, and payment solutions. The Company is rated 'AA(lka)' by Fitch Ratings with a stable outlook.

DIALOG FINANCE PLC

Statement of financial position
(all amounts in Sri Lanka Rupees thousands)

	31 Dec 2025 (Audited)	31 Dec 2024 (Audited)
ASSETS		
Cash and cash equivalents	602,236	252,167
Placements with banks and financial institutions	161,800	168,488
Securities purchased under repurchase agreements	625,521	509,924
Financial assets at fair value through profit or loss	3,976	257,224
Financial assets at amortised cost - loans and advances	9,158,595	5,171,335
Financial assets at fair value through other comprehensive income	2,505	2,358
Financial investments at amortised cost	400,714	387,959
Other assets	496,161	249,528
Current tax receivable	-	6,255
Right-of-use assets	92,624	36,308
Property, plant and equipment	58,115	53,518
Intangible assets	303,626	197,337
Deferred tax assets	45,994	92,698
Total assets	**11,951,867**	**7,385,099**
LIABILITIES		
Financial liabilities at amortised cost - due to customers	5,896,562	4,044,853
Financial liabilities at amortised cost - due to banks	2,109,980	100,296
Lease liabilities	97,457	40,286
Retirement benefit obligations	14,241	11,759
Current tax payable	69,283	-
Other liabilities	1,001,456	584,962
Total liabilities	**9,188,979**	**4,782,156**
EQUITY		
Stated capital	2,934,582	2,934,582
Statutory reserve fund	24,665	16,688
Fair value through other comprehensive income reserve	3,102	3,301
Accumulated losses	(199,470)	(351,628)
Total equity	**2,762,888**	**2,602,943**
Total equity and liabilities	**11,951,867**	**7,385,099**
Net assets per share (Rs.)	23.53	22.17
Commitments and contingencies	112,842	458,542

The notes on pages 7 to 9 form an integral part of these financial statements.

CERTIFICATION

We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No: 7 of 2007 and give true and fair view of its financial position of the entity as at 31 December 2025 and of its financial performance for the period ended 31 December 2025.

.....
Head of Corporate Finance, Budgeting, ALM and Treasury Management
Date: 06/02/2026

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board of Directors.

.....
Director/ Chief Executive Officer
Date: 06/02/2026

.....
Director
Date: 06/02/2026

DIALOG FINANCE PLC

Statement of profit or loss and other comprehensive income
(all amounts in Sri Lanka Rupees thousands)

	Year ended 31 December			Three months ended 31 December		
	2025 (Audited)	**2024 (Audited)**	**Change %**	**2025**	**2024**	**Change %**
Interest income	1,742,461	1,038,173	68	545,120	320,855	70
Less: Interest expense	(404,973)	(259,932)	56	(128,350)	(62,382)	106
Net interest income	**1,337,488**	**778,241**	**72**	**416,770**	**258,473**	**61**
Net fee and commission income	918,646	350,809	162	277,881	154,428	80
Net gain from trading	750	759	(1)	(694)	748	(193)
Other operating income	109,507	15,658	599	10,141	5,433	87
Total operating income	**2,366,391**	**1,145,467**	**107**	**704,098**	**419,082**	**68**
Less: Impairment charges and other losses	(307,851)	(114,248)	169	(142,433)	(44,357)	221
Net operating income	**2,058,540**	**1,031,219**	**100**	**561,665**	**374,725**	**50**
Less: Operating expenses						
Personnel expenses	(496,030)	(337,319)	47	(135,645)	(91,278)	49
Depreciation and amortization	(89,093)	(62,890)	42	(27,954)	(17,143)	63
Other expenses	(1,035,906)	(586,961)	76	(294,168)	(191,446)	54
Operating Profit / (Loss) before taxes on financial services	**437,511**	**44,049**	**(893)**	**103,898**	**74,858**	**39**
Taxes on financial services	(156,068)	(59,984)	160	(39,634)	(26,213)	51
Profit / (Loss) before tax for the period	**281,443**	**(15,935)**	**1,866**	**64,264**	**48,645**	**32**
Income tax expense	(121,716)	(25,148)	384	(29,019)	(25,148)	-
Profit / (Loss) for the period	**159,727**	**(41,083)**	**489**	**35,245**	**23,497**	**50**
Other comprehensive income items that will not be reclassified to profit or loss:						
Changes in the fair value of equity investments at fair value through other comprehensive income:	147	173	(15)	147	173	(15)
Remeasurement of defined benefit obligations:	596	(1,265)	(147)	596	(1,265)	(147)
Deferred tax effect on other comprehensive income:	(525)	353	(249)	(525)	353	(249)
Other comprehensive income, net of tax	**218**	**(739)**	**(129)**	**218**	**(739)**	**(129)**
Total comprehensive income for the period, net of tax	**159,945**	**(41,822)**	**482**	**35,643**	**22,758**	**56**
Profit / (Loss) per share (Rs.)	**1.36**	**(0.35)**		**0.30**	**0.19**	

DIALOG FINANCE PLC

Statement of changes in equity
(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital	Statutory reserve	Retained earnings/ (accumulated losses)	Fair value through OCI reserve	Total
Balance at 1 January 2024		**2,934,582**	**16,688**	**(309,659)**	**3,154**	**2,644,765**
Loss for the year		-	-	(41,083)	-	(41,083)
Other comprehensive income, net of tax		-	-	(886)	147	(739)
Total comprehensive income for the year		-	-	(41,969)	147	(41,822)
Balance at 31 December 2024		**2,934,582**	**16,688**	**(351,628)**	**3,301**	**2,602,943**
Balance at 1 January 2025		2,934,582	16,688	(351,628)	3,301	2,602,943
Profit for the year		-	-	159,727	-	159,727
Other comprehensive income, net of tax		-	-	417	(199)	218
Total comprehensive income for the year		-	-	160,144	(199)	159,945
Transferred to statutory reserve		-	7,986	(7,986)	-	-
Balance at 31 December 2025		**2,934,582**	**24,674**	**(199,470)**	**3,102**	**2,762,888**

DIALOG FINANCE PLC

Statement of cash flows
(all amounts in Sri Lanka Rupees thousands)

	Year ended 31 December	
	2025	**2024**
Cash flows from operating activities	**(Audited)**	**(Audited)**
Profit /(Loss) before income tax	281,443	(15,935)
Adjustment for,		
Interest expenses	404,973	259,932
Gain on disposal of property, plant and equipment	(71,153)	-
Impairment charges and other losses	307,851	114,248
Provision for retirement benefits obligation	4,713	3,969
Depreciation of property plant and equipment	19,859	14,097
Depreciation of right-of-use assets	28,174	14,472
Amortisation of intangible assets	41,060	34,321
Interest on lease liabilities	6,864	2,609
Net gains on financial assets at fair value through profit or loss	(750)	(759)
Cash generated from operations before changes in operating assets and liabilities	**1,023,034**	**426,954**
Increase in loans and advances	(4,295,111)	(2,242,813)
Increase in other assets	(246,633)	(181,404)
Increase in amounts due to customers	1,851,709	1,428,087
Increase in other liabilities	416,494	456,792
Cash used in operations	**(1,250,507)**	**(112,384)**
Interest paid	(410,941)	(348,715)
Retirement benefits paid	(1,636)	(2,607)
Net cash generated used in operating activities	**(1,663,084)**	**(463,706)**
Cash flows from investing activities		
Acquisition of property plant and equipment and intangible assets	(186,653)	(61,690)
Proceeds from sale of property plant and equipment	86,000	-
Net investment in treasury bills	(12,755)	862,062
Net placements with financial institutions	6,688	(55,099)
Net investment in unit trust	253,998	865,746
Net cash flows from securities purchased under repurchased agreement	(115,597)	(510,114)
Net cash generated from investing activities	**31,681**	**1,100,905**
Cash flows from financing activities		
Net proceeds from bank borrowings	2,009,684	(401,821)
Repayment of lease liabilities	(27,319)	(11,811)
Net cash used in financing activities	**1,982,365**	**(413,632)**
Net increase in cash and cash equivalents	350,962	223,567
Cash and cash equivalents at the beginning of the year	311,570	88,003
Cash and cash equivalents at the end of the year	**662,532**	**311,570**
Analysis of cash and cash equivalents at the end of the year		
Cash and bank balances	602,321	252,249
Placements with financial institutions (less than 90 days)	60,211	59,321
	662,532	**311,570**
Less: Impairment provision	(123)	(116)
Cash and cash equivalents at the end of the year	**662,409**	**311,454**

DIALOG FINANCE PLC

Financial reporting by segment
(all amounts in Sri Lanka Rupees thousands)

For the year ended 31 December	Consumer Segment		MSME Segment		Treasury/investments		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest income	943,006	488,414	696,707	361,888	102,748	187,871	-	-	1,742,461	1,038,173
Interest expenses	(138,800)	(91,769)	(133,803)	(81,604)	(132,370)	(86,559)	-	-	(404,973)	(259,932)
Net interest income	**804,206**	**396,645**	**562,904**	**280,284**	**(29,622)**	**101,312**	**-**	**-**	**1,337,488**	**778,241**
Net Fee & commission income	611,442	258,675	307,204	92,134	-	-	-	-	918,646	350,809
Other income	33,597	11,003	5,216	4,705	291	709	71,153	-	110,257	16,417
Operating income by segment	**1,449,245**	**666,323**	**875,324**	**377,123**	**(29,331)**	**102,021**	**71,153**	**-**	**2,366,391**	**1,145,467**
Impairment (expense) / reversal	(190,564)	(58,410)	(117,449)	(55,971)	162	133	-	-	(307,851)	(114,248)
Net operating income	**1,258,681**	**607,913**	**757,875**	**321,152**	**(29,169)**	**102,154**	**71,153**	**-**	**2,058,540**	**1,031,219**
Operating expenses	(141,827)	(138,408)	(100,266)	(113,053)	-	-	(793,813)	(335,500)	(1,035,906)	(586,961)
Segment result	**1,116,854**	**469,505**	**657,609**	**208,099**	**(29,169)**	**102,154**	**(722,660)**	**(335,500)**	**1,022,634**	**444,258**
Personnel expenses									(496,030)	(337,319)
Depreciation and amortization									(89,093)	(62,890)
Profit from operations									**437,511**	**44,049**
VAT on financial services									(156,068)	(59,984)
Income tax expense									(121,716)	(25,148)
(Loss) / profit for the year									**159,727**	**(41,083)**
Other information										
Balance at 31 December										
Segment assets	4,763,724	2,631,468	4,388,617	2,539,867	1,796,753	1,578,120	1,002,773	635,644	11,951,867	7,385,099
Total assets	**4,763,724**	**2,631,468**	**4,388,617**	**2,539,867**	**1,796,753**	**1,578,120**	**1,002,773**	**635,644**	**11,951,867**	**7,385,099**
Segment liabilities	4,686,707	2,540,591	4,502,272	2,241,565	-	-	-	-	9,188,979	4,782,156
Total liabilities	**4,686,707**	**2,540,591**	**4,502,272**	**2,241,565**	**-**	**-**	**-**	**-**	**9,188,979**	**4,782,156**

Notes to the condensed interim financial statements
(all amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

1 Basis of preparation

The condensed interim financial statements for the nine months ended 31 December 2025 of the Company have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2025.
There were no changes to the accounting policies since the publication of the audited financial statements for the year ended 31 December 2024.

2 Events after the reporting period

No circumstances have arisen since the statement of financial position date which requires adjustments to or disclosures in the financial statements.

3 Commitments and Contingent liabilities

The Commitments and Contingencies as at 31st Dec 2025 and 31st December 2024 was as follows.

Commitments	31 Dec 2025	31 Dec 2024
Commitment to unutilized facilities		
Factoring and revolving loans	2,713	425,176
Capital commitments	110,129	33,366
Total commitments	**112,842**	**458,542**

4 Other Assets

The Company is continuing the recovery efforts on case relating to external financial fraud that occurred in June 2024. As at the reporting date, the gross outstanding amount to be recovered was LKR 37.7Mn and based on an assessment of recoverability, the Company has recognized a provision for loss of LKR 25.6Mn and LKR 8.3Mn in the statements of profit or loss in 2024 and 2025 respectively. Consequently, the net amount outstanding to be recovered as of the reporting date is LKR 3.7Mn, which is reported under "other assets" in the statement of financial position.

The Company is continuing the legal action and working with law enforcement authorities to recover the remaining funds. As of the reporting date, the investigation and recovery efforts are ongoing. The Company will continue to monitor the progress of these actions and will assess the recoverability of the outstanding receivables recognised at each reporting date.

5 Fair value of financial instruments

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	Measurement criteria and the fair value					
	Level 1		Level 3		Total	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Financial assets						
Financial assets at fair value through profit or loss	3,976	257,224	-	-	3,976	257,224
Financial assets at fair value through other comprehensive income	-	-	2,505	2,358	2,505	2,358

6 Market price per share

For the three months ended 31 December	2025 Rs.	2024 Rs.
- Highest	105.00	53.90
- Lowest	70.00	37.00
- Last traded	93.70	47.80

7 Twenty largest shareholders of the company

	Name of Shareholders	No. of shares	% Holding
1	Dialog Axiata PLC	116,290,376	99.05
2	Hatton National Bank PLC / Dawi Investment Trust (Pvt) Ltd	131,541	0.11
3	GF Capital Global Limited	81,376	0.07
4	J.B. Cocoshell (Pvt) Ltd	44,203	0.04
5	Senkadagala Finance PLC / G.B.R.P.Gunawardana	35,511	0.03
6	Mr. P. Poongunaseelan	34,554	0.03
7	Citizens Development Business Finance PLC / D.M.H.B.Dasanayake	30,000	0.03
8	Commercial Bank of Ceylon PLC / P. Gajendra	27,301	0.02
9	Mr. A.P. Dhammika	27,000	0.02
10	Seylan Bank PLC / S.R. Fernando	26,872	0.02
11	Golden Top Far East Limited	25,000	0.02
12	Mr. R.J.K.I. Ranathunga	24,123	0.02
13	Senkadagala Finance PLC / A.N.S.Bandara	20,959	0.02
14	People'S Leasing & Finance PLC / C.D.Kohombanwickramage	19,452	0.02
15	Mr. M.K. Gunawardena / Mr. M.K. Gunawardena (Joint)	16,190	0.01
16	Mr. M.A.T. Raaymakers	16,030	0.01
17	Citizens Development Business Finance PLC / K.D.C. Somalatha and K. Nandasiri	15,980	0.01
18	Senkadagala Finance PLC / A.K.G. Indika	15,100	0.01
19	Mr. P.S.M. Fernando	15,000	0.01
20	Mr. G.D.M. Ranasinghe / Mrs. O.R.K. Ranasinghe (Joint)	14,029	0.01
		116,910,597	99.56
	Others	489,269	0.44
	Total	**117,399,866**	**100.00**

8 Directors' shareholdings

None of the Directors and their close family members held any shares in the company as of 31 December 2025.

9 Public shareholdings

Information pertaining to public shareholding is as follows:

	31 Dec 2025	31 Dec 2024
Public holding percentage	0.95%	0.95%
Number of public shareholders	926	848
Float adjusted market capitalization (Rs.)	104,503,491	53,311,279

(a) The Company is not compliant with the Minimum Public Holding requirement under option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange ('CSE'). Accordingly, the Company was transferred to the Second Board on 10 February 2020.

DIALOG FINANCE PLC

Notes to the condensed interim financial statements (Continued)

Selected performance indicators

Item	As at 31 Dec 2025	As at 31 Dec 2024
Regulatory capital adequacy		
Tier I capital base, Rs. '000	2,358,327	2,321,634
Total capital base, Rs. '000	2,358,327	2,321,634
Risk weighted assets, Rs. '000	13,846,116	8,154,268
Tier I capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 8.5%)	17.03%	28.47%
Total capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 12.5%)	17.03%	28.47%
Capital funds to deposit liabilities ratio (Minimum requirement, 10%)	34.51%	62.79%
Assets quality (quality of loan portfolio)		
Gross non-performing accommodations, Rs. '000	555,525	283,910
Gross non-performing accommodations ratio, %	5.68%	5.21%
Net-non-performing accommodations ratio, %	1.31%	1.43%
Profitability(annualized)		
Net Interest margin, %	15.01%	12.90%
Return on assets (before taxes), %	4.66%	-0.65%
Return on equity (after taxes), %	6.00%	-1.58%
Regulatory liquidity (Rs. '000)		
Required minimum amount of liquid assets	905,402	496,487
Available amount of liquid assets	1,652,160	1,263,426
Required minimum amount of government securities	253,784	241,244
Available amount of government securities	1,020,795	898,649
Memorandum information		
Number of employees	215	169
Number of branches	1	1

Corporate Information

Name of the Company

Dialog Finance PLC

Legal Form and Stock Exchange Listing

A Public Quoted Company with Limited Liability which was quoted on the Diri Savi Board of the Colombo Stock Exchange on 4th October 2011 and subsequently transferred to the Second Board on 10 February 2020.

Date of Incorporation

25 November 1981

Company Registration No.

PB 765 PQ

Board of Directors

Ms. Renuka Fernando (Chairperson)
Mr. Supun Weerasinghe
Ms. Lim Li San
Mr. Alexander Lowback
Mr. Shivaan Kanag-Isvaran
Mr. Uditha Chinthana Jayasinghe
Mr. Nazeem Mohamed

Registered Office

No. 475, Union Place, Colombo 02

Principal Office

1st Floor, 57, Srimath Anagarika Dharmapala Mawatha,
Colombo 03.
Tel : + 94 11 4317317

Fax :+ 94 11 4317335

E-mail: financialservice@dialog.lk

Bankers

Seylan Bank PLC
Commercial Bank of Ceylon PLC
Nations Trust Bank PLC
Bank of Ceylon
Cargills Bank Ltd
People's Bank
Hatton National Bank PLC
National Development Bank PLC
DFCC Bank PLC
Sampath Bank

Auditors

Messrs. Deloitte partners
Chartered Accountants

100, Braybrooke Place,

Colombo 02, Sri Lanka.

Credit Rating

AA (lka), stable outlook was affirmed by Fitch Ratings Lanka Ltd

Taxpayer Identification Number (TIN)

104079687