DIALOG FINANCE PLC

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2026

Financial Review for the Quarter ended 31 March 2026

Dialog Finance PLC reported a strong financial performance for the quarter ended 31 March 2026, recording a Net Profit After Tax (NPAT) of Rs. 63.2 million, marking a significant turnaround from a profit of Rs. 6.1 million in the previous year. Operating income surged by 73% year-on-year to Rs. 771.7 million, reflecting the Company's continued focus on scalable, technology-led financial solutions.

Profit before taxes rose sharply to Rs. 187.5 million, an increase of 247% 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 5.9% to Rs. 12.6 billion compared to Dec 2025, while the net loan book grew by a robust 9.2% to Rs. 10 billion. Net Interest Income increased by 73% to Rs. 457.9 million, supported by prudent pricing strategies and effective asset-liability management, resulting in a healthy Net Interest Margin of 15.04%.

Operating expenses grew at a moderated pace of 49%, leading to a notable improvement in the cost-to-income ratio to 67% from 78% in the previous year. This reflects sustained efforts to enhance operational efficiency while scaling the business. Impairment charges increased to Rs. 65.5 million, in line with the expansion of the loan portfolio. Despite this, asset quality remained sound, with gross impairment ratio being at 5.69% and a strong stage 3 impairment coverage ratio of 71.68%.

The Company's capital position remained strong, with both Tier I and Total Capital Adequacy Ratios reported at 16.76%, comfortably above the minimum regulatory requirements, reinforcing balance sheet resilience.

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 March 2026 (Unaudited)	31 Dec 2025 (Audited)
ASSETS		
Cash and cash equivalents	650,188	602,236
Placements with banks and financial institutions	163,092	161,800
Securities purchased under repurchase agreements	728,736	625,521
Financial assets at fair value through profit or loss	3,098	3,976
Financial assets at amortised cost - loans and advances	10,003,397	9,158,595
Financial assets at fair value through other comprehensive income	2,505	2,505
Financial investments at amortised cost	161,948	400,714
Other assets	363,925	496,161
Right-of-use assets	106,036	92,624
Property, plant and equipment	91,913	58,115
Intangible assets	346,100	303,626
Deferred tax assets	39,818	45,994
Total assets	**12,660,756**	**11,951,867**
LIABILITIES		
Financial liabilities at amortised cost - due to customers	6,723,711	5,896,562
Financial liabilities at amortised cost - due to banks	1,812,776	2,109,980
Lease liabilities	112,191	97,457
Retirement benefit obligations	16,637	14,241
Current tax payable	96,688	69,283
Other liabilities	1,072,623	1,001,456
Total liabilities	**9,834,626**	**9,188,979**
EQUITY		
Stated capital	2,934,582	2,934,582
Statutory reserve fund	24,674	24,674
Fair value through other comprehensive income reserve	3,102	3,102
Accumulated losses	(136,228)	(199,470)
Total equity	**2,826,130**	**2,762,888**
Total equity and liabilities	**12,660,756**	**11,951,867**
Net assets per share (Rs.)	24.07	23.53
Commitments and contingencies (Note 3)	151,638	112,842

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 the state of affairs of Dialog Finance PLC as at 31 March 2026 and its profit / (loss) for the period ended 31 March 2026.

Head of Corporate Finance, Budgeting, ALM and Treasury Management
Date: 08/05/2026

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 by,

Director/CEO
Date: 08/05/2026

Director
Date: 08/05/2026

DIALOG FINANCE PLC

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

	Three months ended 31 March		
	2026 (Unaudited)	**2025 (Unaudited)**	**Change %**
Interest income	614,981	344,952	78
Less: Interest expense	(157,045)	(79,954)	96
Net interest income	**457,936**	**264,998**	**73**
Fee and commission income	300,910	169,947	77
Net (loss) / profit from trading	(877)	(17)	5059
Other operating income	13,754	12,219	13
Total operating income	**771,723**	**447,147**	**73**
Less: Impairment charges and other losses	(65,544)	(45,089)	45
Net operating income	**706,179**	**402,058**	**76**
Less: Operating expenses			
Personnel expenses	(155,702)	(111,663)	39
Depreciation and amortisation	(26,324)	(17,356)	52
Other expenses	(336,636)	(218,933)	54
Operating profit before taxes on financial services	**187,517**	**54,106**	**247**
Taxes on financial services	(56,411)	(27,441)	106
Profit before tax for the period	**131,106**	**26,665**	**392**
Income tax and deferred tax expenses	(67,864)	(20,604)	229
Profit for the period	**63,242**	**6,061**	**943**
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	-	-	-
Remeasurement of defined benefit Obligations	-	-	-
Deferred tax effect on other comprehensive income	-	-	-
Other comprehensive income, net of tax	**-**	**-**	-
Total comprehensive income for the period, net of tax	**63,242**	**6,061**	**943**
Profit / (Loss) per share	0.54	0.05	

DIALOG FINANCE PLC

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

	Stated capital	Statutory reserve	Retained earnings/ (accumulated losses)	Fair value through OCI reserve	Total
Balance at 1 January 2026	**2,934,582**	**24,674**	**(199,470)**	**3,102**	**2,762,888**
Profit for the period	-	-	63,242	-	63,242
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**63,242**	**-**	**63,242**
Transferred to statutory reserve	-	-	-	-	-
Balance at 31 March 2026	**2,934,582**	**24,674**	**(136,228)**	**3,102**	**2,826,130**
Balance at 1 January 2025	**2,934,582**	**16,688**	**(351,628)**	**3,301**	**2,602,943**
Profit for the period	-	-	6,061	-	6,061
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**6,061**	**-**	**6,061**
Transferred to statutory reserve	-	-	-	-	-
Balance at 31 March 2025	**2,934,582**	**16,688**	**(345,567)**	**3.301**	**2,609,004**
Balance at 1 April 2025	**2,934,582**	**16,688**	**(345,567)**	**3,301**	**2,609,004**
Profit for the period	-	-	153,666	-	153,666
Other comprehensive income, net of tax	-	-	417	(199)	218
Total comprehensive income for the period	**-**	**-**	**154,083**	**(199)**	**153,884**
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)

	Three months ended 31 March	
	2026 (Unaudited)	**2025 (Unaudited)**
Cash flows from operating activities		
Profit / (loss) before income tax	131,106	26,665
Adjustments for		
Interest expenses	157,045	79,954
Impairment charges and other losses	65,544	45,089
Provision for retirement benefits obligation	3,121	2,639
Depreciation of property plant and equipment	5,984	3,728
Depreciation of right-of-use assets	9,353	4,200
Amortisation of intangible assets	10,987	9,428
Interest on lease liabilities	2,580	988
Net losses on financial assets at fair value through profit or loss	877	17
Cash generated from operations before changes in operating assets and liabilities	**386,597**	**172,708**
Increase in loans and advances	(910,346)	(987,001)
Increase in inventories	(2,820)	-
Decrease / (Increase) in other assets	132,237	(77,974)
Increase in amounts due to customers	827,149	606,461
(Decrease) / increase in other liabilities	71,166	(12,793)
Cash generated from / (used in) operations	**503,983**	**(298,599)**
Interest paid	(157,045)	(79,954)
Retirement benefits paid	(725)	-
Income tax paid	(34,283)	-
Net cash generated from / (used in) operating activities	**311,930**	**(378,553)**
Cash flows from investing activities		
Acquisition of property, plant, equipment and intangible assets	(90,424)	(18,574)
Net investment in treasury bills	238,766	(313)
Net placements with financial institutions	(1,290)	(3,388)
Net investment in unit trust	-	253,998
Net investment in securities purchased under repurchased agreement	(103,215)	19,607
Net cash flows from investing activities	**43,837**	**251,330**
Cash flows from financing activities		
Net proceeds from bank borrowings	(297,204)	503,467
Repayment of lease liabilities	(10,613)	(6,789)
Net cash (used in) / generated from financing activities	**(307,817)**	**496,678**
Net increase in cash and cash equivalents	**47,952**	**369,455**
Cash and cash equivalents at the beginning of the period	662,532	311,570
Cash and cash equivalents at the end of the period	**710,484**	**681,025**
Analysis of cash and cash equivalents at the end of the period		
Cash and bank balances	650,273	569,630
Add: Placements with financial Institutions (less than 90 days)	60,211	111,395
	710,484	**681,025**
Less: Impairment provision	(124)	(112)
	710,360	**680,913**

DIALOG FINANCE PLC

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

For the three months ended 31 March	Consumer Segment		MSME Segment		Treasury/investments		Unallocated		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Interest income	358,727	174,753	229,248	141,898	27,006	28,301	-	-	614,981	344,952
Interest expenses	(48,781)	(29,264)	(44,187)	(28,160)	(64,077)	(22,530)	-	-	(157,045)	(79,954)
Net interest income	**309,946**	**145,489**	**185,061**	**113,738**	**(37,071)**	**5,771**	**-**	**-**	**457,936**	**264,998**
Net Fee & commission income	204,629	103,369	96,281	66,578	-	-	-	-	300,910	169,947
Other income	10,101	10,967	2,776	1,235	-	-	-	-	12,877	12,202
Operating income by segment	**524,676**	**259,825**	**284,118**	**181,551**	**(37,071)**	**5,771**	**-**	**-**	**771,723**	**447,147**
Impairment (expense) / reversal	(48,943)	(38,433)	(16,619)	(6,833)	18	177	-	-	(65,544)	(45,089)
Net operating income	**475,733**	**221,392**	**267,499**	**174,718**	**(37,053)**	**5,948**	**-**	**-**	**706,179**	**402,058**
Operating expenses	(87,254)	(50,492)	(77,823)	(72,684)	-	-	(171,559)	(95,757)	(336,636)	(218,933)
Segment result	**388,479**	**170,900**	**189,676**	**102,034**	**(37,053)**	**5,948**	**(171,559)**	**(95,757)**	**369,543**	**183,125**
Personnel expenses									(155,702)	(111,663)
Depreciation and amortization									(26,324)	(17,356)
Profit from operations									**187,517**	**54,106**
VAT on financial services									(56,411)	(27,441)
Income tax expense									(67,864)	(20,604)
Profit for the period									**63,242**	**6,061**
Other information										
Balance at 31 March										
Segment assets	5,129,329	3,032,428	4,874,068	3,080,819	1,709,568	1,625,588	947,791	746,297	12,660,756	8,485,132
Total assets	**5,129,329**	**3,032,428**	**4,874,068**	**3,080,819**	**1,709,568**	**1,625,588**	**947,791**	**746,297**	**12,660,756**	**8,485,132**
Segment liabilities	5,154,285	2,985,788	4,680,341	2,890,340	-	-	-	-	9,834,626	5,876,128
Total liabilities	**5,154,285**	**2,985,788**	**4,680,341**	**2,890,340**	**-**	**-**	**-**	**-**	**9,834,626**	**5,876,128**

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 three months ended 31 March 2026 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 2025.

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 March 2026 and 31st December 2025 was as follows.

Commitments	31 March 2026	31 Dec 2025
Commitment to unutilized facilities		
Factoring and revolving loans	-	2,713
Capital commitments	151,638	110,129
Total commitments	**151,638**	**112,842**

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 32.9Mn 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 1.0Mn, 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 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
Financial assets						
Financial assets at fair value through profit or loss	3,098	3,976	-	-	3,098	3,976
Financial assets at fair value through other comprehensive income	-	-	2,505	2,505	2,505	2505

6 Market price per share

For the three months ended 31 March	2026 Rs.	2025 Rs.
- Highest	189.75	53.90
- Lowest	91.00	40.00
- Last traded	131.50	41.70

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	164,348	0.14%
3	GF Capital Global Limited	81,376	0.07%
4	Mr. N.V.S.N. Chirantha	78,059	0.07%
5	Mr. P. Poongunaseelan	60,073	0.05%
6	Senkadagala Finance PLC / G.B.R.P.Gunawardana	31,483	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	Seylan Bank PLC / S.R. Fernando	26,872	0.02%
10	Golden Top Far East Limited	25,000	0.02%
11	J.B. Cocoshell (Pvt) Ltd	24,203	0.02%
12	Mr. R.J.K.I. Ranathunga	22,794	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.A.T. Raaymakers	16,030	0.01%
16	Citizens Development Business Finance PLC / K.D.C. Somalatha and K. Nandasiri	15,980	0.01%
17	Mrs. K.S.R.D. Fernando	15,250	0.01%
18	Senkadagala Finance PLC / A.K.G. Indika	15,100	0.01%
19	Mr. A.J.R. De Silva	10,000	0.01%
20	Mr. C. Thamotharampillai	10,000	0.01%
		116,984,656	99.64%
	Others	415,210	0.36%
	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 at 31 March 2026.

9 Public shareholdings

Information pertaining to public shareholding is as follows:

	31 March 2026	31 March 2025
Public holding percentage	0.95%	0.95%
Number of public shareholders	1077	873
Float adjusted market capitalization (Rs.)	146,661,783	46,507,957

(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.

Notes to the condensed interim financial statements (Continued)

Selected performance indicators

Item	As at 31 March 2026	As at 31 March 2025
Regulatory capital adequacy		
Tier I capital base, Rs. '000	2,530,954	2,338,816
Total capital base, Rs. '000	2,530,954	2,338,816
Risk weighted assets, Rs. '000	15,097,672	9,297,711
Tier I capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 8.5%)	16.76%	25.15%
Total capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 12.5%)	16.76%	25.15%
Capital funds to deposit liabilities ratio (Minimum requirement, 10%)	33.11%	56.09%
Assets quality (quality of loan portfolio)		
Gross non-performing accommodations, Rs. '000	651,390	360,458
Gross non-performing accommodations ratio, %	6.08%	5.60%
Net-non-performing accommodations ratio, %	1.48%	1.59%
Profitability		
Net Interest margin, %	15.04%	14.44%
Return on assets (before taxes), %	7.50%	2.75%
Return on equity (after taxes), %	9.90%	0.94%
Regulatory liquidity (Rs. '000)		
Required minimum amount of liquid assets	952,102	610,615
Available amount of liquid assets	1,168,451	1,431,956
Required minimum amount of government securities	458,605	253,784
Available amount of government securities	589,744	879,573
Memorandum information		
Number of employees	258	162
Number of branches	1	1

DIALOG FINANCE PLC

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

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Principal Office

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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