DIALOG FINANCE PLC

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2026

Financial review for the six months ended 30 June 2026

Dialog Finance PLC reported a strong financial performance for the six months ended 30 June 2026, recording a Net Profit After Tax (NPAT) of Rs. 146.9 million, marking a significant turnaround from a profit of Rs. 22.7 million in the previous year. Operating income surged by 66.9% year-on-year to Rs. 1,604.4 million, reflecting the Company's continued focus on scalable, technology-led financial solutions.

Profit before taxes rose sharply to Rs. 361.3 million, an increase of 164.8% 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 14.7% to Rs. 13.7 billion compared to December 2025, while the net loan book grew by a robust 14.6% to Rs. 10.5 billion. Net Interest Income increased by 64% to Rs. 923.7 million, supported by prudent pricing strategies and effective asset-liability management, resulting in a healthy Net Interest Margin of 13.7%.

Operating expenses grew at a moderated pace of 46.5%, leading to a notable improvement in the cost-to-income ratio to 60% from 75% in the previous year. This reflects sustained efforts to enhance operational efficiency while scaling the business. Impairment charges increased to Rs. 186.6 million, in line with the expansion of the loan portfolio. Despite this, asset quality remained sound, with gross impairment ratio being at 6.4% and a strong stage 3 impairment coverage ratio of 66.4%.

The Company's capital position remained strong, with both Tier I and Total Capital Adequacy Ratios reported at 15.3%, 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)

	30 June 2026 (Unaudited)	31 Dec 2025 (Audited)
ASSETS		
Cash and cash equivalents	1,292,727	602,236
Placements with banks and financial institutions	162,913	161,800
Securities purchased under repurchase agreements	203,495	625,521
Financial assets at fair value through profit or loss	3,163	3,976
Financial assets at amortised cost - loans and advances	10,500,237	9,158,595
Financial assets at fair value through other comprehensive income	2,505	2,505
Financial investments at amortised cost	458,784	400,714
Other assets	438,993	496,161
Right-of-use assets	96,304	92,624
Property, plant and equipment	114,282	58,115
Intangible assets	362,188	303,626
Deferred tax assets	69,421	45,994
Total assets	**13,705,012**	**11,951,867**
LIABILITIES		
Financial liabilities at amortised cost - due to customers	7,648,952	5,896,562
Financial liabilities at amortised cost - due to banks	2,012,904	2,109,980
Lease liabilities	104,069	97,457
Retirement benefit obligations	19,095	14,241
Current tax payable	119,878	69,283
Other liabilities	890,355	1,001,456
Total liabilities	**10,795,253**	**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	(52,599)	(199,470)
Total equity	**2,909,759**	**2,762,888**
Total equity and liabilities	**13,705,012**	**11,951,867**
Net assets per share (Rs.)	24.79	23.53
Commitments and contingencies (Note 3)	129,365	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 its financial position of the entity as at 30 June 2026 and of its financial performance for the period ended 30 June 2026.

Head of Corporate Finance, Budgeting, ALM and Treasury Management
Date: 07/08/2026

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: 07/08/2026

Director
Date: 07/08/2026

DIALOG FINANCE PLC

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

	Six months ended 30 June			Three months ended 30 June		
	2026 (Unaudited)	**2025 (Unaudited)**	**Change %**	**2026 (Unaudited)**	**2025 (Unaudited)**	**Change %**
Interest income	1,263,905	737,562	71	648,924	392,610	65
Less: Interest expense	(340,156)	(174,305)	95	(183,111)	(94,351)	94
Net interest income	923,749	563,257	64	465,813	298,259	56
Fee and commission income	650,822	379,208	72	349,912	209,261	67
Net gain / (loss) from trading	(813)	268	(403)	64	285	(78)
Other operating income	30,661	18,669	64	16,907	6,450	162
Total operating income	1,604,419	961,402	67	832,696	514,255	62
Less: Impairment charges and other losses	(186,631)	(103,871)	80	(121,087)	(58,782)	106
Net operating income	1,417,788	857,531	65	711,609	455,473	56
Less: Operating expenses						
Personnel expenses	(341,651)	(230,356)	48	(185,949)	(118,693)	57
Depreciation and amortization	(57,751)	(34,746)	66	(31,427)	(17,390)	81
Other expenses	(657,041)	(455,992)	44	(320,405)	(237,059)	35
Operating Profit before taxes on financial services	361,345	136,437	165	173,828	82,331	111
Taxes on financial services	(115,253)	(62,227)	85	(58,842)	(34,786)	69
Profit before tax for the period	246,092	74,210	232	114,986	47,545	142
Income tax expense	(99,221)	(51,527)	93	(31,357)	(30,923)	1
Profit for the period	146,871	22,683	547	83,629	16,622	403
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	146,871	22,683	547	83,629	16,622	403
Earnings per share (Rs.)	1.25	0.19		0.71	0.14	

DIALOG FINANCE PLC

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

	Stated capital	Statutory reserve fund	Retained earnings / accumulated losses	Fair value through other comprehensive income reserve	Total
Balance at 1 January 2026	**2,934,582**	**24,674**	**(199,470)**	**3,102**	**2,762,888**
Profit for the period	-	-	146,871	-	146,871
Other comprehensive income, net of tax	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**146,871**	**-**	**146,871**
Balance at 30 June 2026	**2,934,582**	**24,674**	**(52,599)**	**3,102**	**2,909,759**
Balance at 1 January 2025	**2,934,582**	**16,688**	**(351,628)**	**3,301**	**2,602,943**
Loss for the period	-	-	22,683	-	22,683
Other comprehensive income, net of tax	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**22,683**	**-**	**22,683**
Balance at 30 June 2025	**2,934,582**	**16,688**	**(328,945)**	**3,301**	**2,625,626**
Balance at 1 July 2025	**2,934,582**	**16,688**	**(328,945)**	**3,301**	**2,625,626**
Profit for the period	-	-	137,044	-	137,044
Other comprehensive income, net of tax	-	-	417	(199)	218
Transfer to statutory reserve fund	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**137,461**	**(199)**	**137,262**
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)

	Six months ended 30 June	
	2026 (Unaudited)	**2025 (Unaudited)**
Cash flows from operating activities		
Profit before income tax	246,092	74,210
Adjustments for		
Interest expenses	340,156	174,305
Impairment charges and other losses	186,631	103,871
Provision for retirement benefits obligation	6,114	5,405
Depreciation on property plant and equipment	15,899	7,768
Depreciation for right-of-use assets	19,085	7,734
Amortization on intangible assets	22,767	19,244
Interest on lease liabilities	5,158	1,860
Dividend income	(57)	-
Net losses / (gains) on financial assets at fair value through profit or loss	813	(268)
Cash generated from operations before changes in operating assets and liabilities	**842,658**	**394,129**
Increase in loans and advances	(1,528,272)	(1,822,003)
Decrease in inventories	5,377	-
Decrease / (Increase) in other assets	57,168	(24,498)
Increase in amounts due to customers	1,752,391	1,324,029
Decrease in other liabilities	(111,103)	(67,053)
Cash generated from / (used in) operations	**1,018,219**	**(195,396)**
Interest paid	(237,308)	(174,305)
Retirement benefits paid	(1,260)	-
Income tax paid	(72,051)	-
Net cash generated from / (used in) operating activities	**707,600**	**(369,701)**
Cash flows from investing activities		
Acquisition of property plant and equipment and intangible assets	(158,772)	(119,826)
Net investment in treasury bills	(58,070)	2,639
Net placements with banks and financial institutions	(1,113)	(3,911)
Net investment in securities purchased under repurchased agreement	422,026	153,931
Net investment in unit trust	-	253,998
Dividend received	57	-
Net cash generated from investing activities	**204,128**	**286,831**
Cash flows from financing activities		
Net proceeds from bank borrowings	(97,076)	554,084
Repayment of lease liabilities	(21,313)	(9,019)
Net cash (used in) / generated from financing activities	**(118,389)**	**545,065**
Net increase in cash and cash equivalents	**793,339**	**480,233**
Cash and cash equivalents at the beginning of the period	662,532	311,570
Cash and cash equivalents at the end of the period	**1,455,871**	**791,803**
Analysis of cash and cash equivalents at the end of the period		
Cash and bank balances	1,292,915	730,245
Add: Placements with financial Institutions (less than 90 days)	162,956	61,558
	1,455,871	**791,803**
Less: Impairment provision	(231)	(142)
	1,455,640	**791,661**

DIALOG FINANCE PLC

Financial reporting by segment
(All amounts in Sri Lanka rupees thousands)

For the three months ended 30 June	Consumer Segment		MSME Segment		Treasury/Investments		Unallocated		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Interest income	734,210	377,903	475,574	302,051	54,121	57,608	-	-	1,263,905	737,562
Interest expenses	(109,233)	(61,517)	(99,673)	(60,578)	(131,250)	(52,210)	-	-	(340,156)	(174,305)
Net interest income	**624,977**	**316,386**	**375,901**	**241,473**	**(77,129)**	**5,398**	**-**	**-**	**923,749**	**563,257**
Net Fee & commission income	463,455	241,635	187,367	137,573	-	-	-	-	650,822	379,208
Other income	23,803	16,632	5,988	2,305	57	-	-	-	29,848	18,937
Operating income by segment	**1,112,235**	**574,653**	**569,256**	**381,351**	**(77,072)**	**5,398**	**-**	**-**	**1,604,419**	**961,402**
Impairment (expense) / reversal	(141,201)	(73,756)	(45,382)	(30,291)	(48)	176	-	-	(186,631)	(103,871)
Net operating income	**971,034**	**500,897**	**523,874**	**351,060**	**(77,120)**	**5,574**	**-**	**-**	**1,417,788**	**857,531**
Operating expenses	(203,135)	(119,705)	(154,026)	(125,186)	-	-	(299,880)	(211,101)	(657,041)	(455,992)
Segment result	**767,899**	**381,192**	**369,848**	**225,874**	**(77,120)**	**5,574**	**(299,880)**	**(211,101)**	**760,747**	**401,539**
Personnel expenses									(341,651)	(230,356)
Depreciation and amortization									(57,751)	(34,746)
Profit from operations									**361,345**	**136,437**
VAT on financial services									(115,253)	(62,227)
Income tax expense									(99,221)	(51,527)
Profit for the period									**146,871**	**22,683**
Other information										
Balance at 30 June										
Segment assets	5,351,140	3,443,568	5,149,097	3,445,900	2,123,587	1,651,937	1,081,188	693,721	13,705,012	9,235,126
Total assets	**5,351,140**	**3,443,568**	**5,149,097**	**3,445,900**	**2,123,587**	**1,651,937**	**1,081,188**	**693,721**	**13,705,012**	**9,235,126**
Segment liabilities	5,643,387	3,328,303	5,151,866	3,281,197	-	-	-	-	10,795,253	6,609,500
Total liabilities	**5,643,387**	**3,328,303**	**5,151,866**	**3,281,197**	**-**	**-**	**-**	**-**	**10,795,253**	**6,609,500**

DIALOG FINANCE PLC

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 six months ended 30 June 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 Contingent liabilities

The Commitments and Contingencies as at 30th June 2026 and 31st December 2025 was as follows.

Commitments	30 June 2026	31 Dec 2025
Commitment to unutilized facilities		
Factoring and revolving loans	-	2,713
Capital commitments	129,365	110,129
Total commitments	**129,365**	**112,842**

4 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	
	30 June 2026	31 Dec 2025	30 June 2026	31 Dec 2025	30 June 2026	31 Dec 2025
Financial assets						
Financial assets at fair value through profit or loss	3,163	3,976	-	-	3,163	3,976
Financial assets at fair value through other comprehensive income	-	-	2,505	2,505	2,505	2,505

5 Market price per share

For the three months ended 30 June	2026 Rs.	2025 Rs.
- Highest	177.75	53.90
- Lowest	120.00	39.00
- Last traded	134.50	43.90

6 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	180,176	0.15
3	Mr. P. Poongunaseelan	87,524	0.07
4	GF Capital Global Limited	81,376	0.07
5	Senkadagala Finance PLC / G.B.R.P.Gunawardana	51,968	0.04
6	Commercial Bank of Ceylon PLC / P. Gajendra	27,301	0.02
7	Seylan Bank PLC / S.R. Fernando	26,872	0.02
8	Golden Top Far East Limited	25,000	0.02
9	Mr. N.V.S.N. Chirantha	24,583	0.02
10	J.B. Cocoshell (Pvt) Ltd	24,203	0.02
11	Mrs. K.S.R.D. Fernando	24,000	0.02
12	Mr. R.J.K.I. Ranathunga	22,580	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	15,850	0.01
17	Senkadagala Finance PLC / A.K.G. Indika	15,100	0.01
18	Mr. B.V.L. Chamara	11,219	0.01
19	Mrs. A.P.L.D.D.N. Fernando	10,000	0.01
20	Mr. C. Thamotharampillai	10,000	0.01
		116,984,569	99.62
	Others	415,297	0.38
	Total	**117,399,866**	**100.00**

7 Directors' shareholdings

None of the Directors and their close family members held any shares in the company as at 30 June 2026.

8 Public shareholdings

Information pertaining to public shareholding is as follows:

	30 June 2026	30 June 2025
Public holding percentage	0.95%	0.95%
Number of public shareholders	1,118	951
Float adjusted market capitalization (Rs.)	150,007,679	48,961,614

(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 30 June 2026	As at 30 June 2025
Regulatory capital adequacy		
Tier I capital base, Rs. '000	2,469,267	2,366,114
Total capital base, Rs. '000	2,469,267	2,366,114
Risk weighted assets, Rs. '000	16,141,779	10,431,206
Tier I capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 8.5%)	15.30%	22.68%
Total capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 12.5%)	15.30%	22.68%
Capital funds to deposit liabilities ratio (Minimum requirement, 10%)	30.12%	43.59%
Assets quality (quality of loan portfolio)		
Gross non-performing accommodations, Rs. '000	853,208	400,166
Gross non-performing accommodations ratio, %	7.52%	5.49%
Net-non-performing accommodations ratio, %	2.18%	1.20%
Profitability		
Net Interest margin, %	13.72%	14.49%
Return on assets (before taxes), %	6.15%	3.28%
Return on equity (after taxes), %	12.42%	3.56%
Regulatory liquidity (Rs. '000)		
Required minimum amount of liquid assets	1,073,885	704,539
Available amount of liquid assets	2,048,940	1,642,932
Required minimum amount of government securities	458,605	253,784
Available amount of government securities	662,491	741,992
Memorandum information		
Number of employees	265	153
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

No. 475, Union Place, Colombo 02

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